Circular/Notice to Shareholders

GUOCOLAND (MALAYSIA) BERHAD

Subject	CIRCULAR TO SHAREHOLDERS IN RELATION TO THE PART A PROPOSED DISPOSAL BY HONG LEONG REAL ESTATE HOLDINGS SDN BHD, A WHOLLY OWNED SUBSIDIARY OF GUOCOLAND (MALAYSIA) BERHAD ("GLM"), OF THE ENTIRE ISSUED AND PAID-UP SHARE CAPITAL IN DC TOWER SDN BHD TO HONG LEONG BANK BERHAD FOR AN INDICATIVE CASH CONSIDERATION OF RM189,333,000, SUBJECT TO ADJUSTMENTS (IF ANY) ("PROPOSED DISPOSAL") PART B INDEPENDENT ADVICE LETTER FROM INTER-PACIFIC SECURITIES SDN BHD TO THE NON-INTERESTED SHAREHOLDERS OF GLM IN RELATION TO THE PROPOSED DISPOSAL

Please refer attachment below.

Attachments

GLM - Circular (20.10.15).pdf
920.0 kB

Announcement Info

Company Name	GUOCOLAND (MALAYSIA) BERHAD
Stock Name	GUOCO
Date Announced	20 Oct 2015
Category	Document Submission
Reference Number	DCS-20102015-00005

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

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

GuocoLand (Malaysia) Berhad (300-K)

A Member of the Hong Leong Group

CIRCULAR TO SHAREHOLDERS

IN RELATION TO THE

PART A

PROPOSED DISPOSAL BY HONG LEONG REAL ESTATE HOLDINGS SDN BHD, A WHOLLY OWNED SUBSIDIARY OF GUOCOLAND (MALAYSIA) BERHAD ("GLM"), OF THE ENTIRE ISSUED AND PAID-UP SHARE CAPITAL IN DC TOWER SDN BHD TO HONG LEONG BANK BERHAD FOR AN INDICATIVE CASH CONSIDERATION OF RM189,333,000, SUBJECT TO ADJUSTMENTS (IF ANY) ("PROPOSED DISPOSAL")

PART B

INDEPENDENT ADVICE LETTER FROM INTER-PACIFIC SECURITIES SDN BHD TO THE NON-INTERESTED SHAREHOLDERS OF GLM IN RELATION TO THE PROPOSED DISPOSAL

AND

NOTICE OF EXTRAORDINARY GENERAL MEETING

Adviser

HongLeong Investment Bank

Hong Leong Investment Bank Berhad (10209-W)

(A Participating Organisation of Bursa Malaysia Securities Berhad)
(A Trading Participant of Bursa Malaysia Derivatives Berhad)

Independent Adviser

INTER-PACIFIC SECURITIES SDN. BHD.
(12738-U)
A Participating Organisation of Bursa Malaysia Securities Berhad
A Trading Participant of Bursa Malaysia Derivatives Berhad

The Notice of Extraordinary General Meeting ("**EGM**") of GLM to be held at the Theatrette, Level 1, Wisma Hong Leong, 18 Jalan Perak, 50450 Kuala Lumpur on Wednesday, 11 November 2015 at 11.30 a.m. or if later, upon the conclusion or adjournment of the 91st Annual General Meeting of GLM to be held at the same venue on the same day at 11.00 a.m., together with the Form of Proxy are sent to you with this Circular. The Form of Proxy must be deposited at the Registered Office of GLM at Level 10, Wisma Hong Leong, 18 Jalan Perak, 50450 Kuala Lumpur not less than 48 hours before the time appointed for the holding of the EGM or adjourned meeting.

This Circular is dated 20 October 2015

DEFINITIONS

Except where the context otherwise requires, the following definitions shall apply throughout this Circular:

"Act"	:	Companies Act, 1965, as amended from time to time and any re-enactment thereof
"Audited Accounts"	:	Audited accounts of DCT as at the Unconditional Date
"BNM"	:	Bank Negara Malaysia
"Board"	:	Board of Directors of our Company
"Bursa Securities"	:	Bursa Malaysia Securities Berhad
"Completion"	:	Completion of the sale and purchase of the Sale Shares in accordance with the terms of the SSA
"Completion Date"	:	The day falling within 21 days after the receipt by HLB of the Management Accounts
"Completion of Office Tower A"	:	Completion of Office Tower A in accordance with the approved building plans and specifications and duly issued with a certificate of practical completion
"DCT"	:	DC Tower Sdn Bhd
"DCT RPS"	:	Redeemable preference shares of RM1.00 each with a premium of RM999 each in DCT
"DCT Shares"	:	Ordinary shares of RM1.00 each in DCT
"EGM"	:	Extraordinary general meeting
"EPS"	:	Earnings per share
"FYE"	:	Financial year ended/ending, as the case may be
"GLLM"	:	GLL (Malaysia) Pte Ltd
"GLM" or "Company"	:	GuocoLand (Malaysia) Berhad
"GLM Shares"	:	Ordinary shares of RM0.50 each in our Company
"Group"	:	Our Company and our subsidiaries, collectively
"HLB"	:	Hong Leong Bank Berhad
"HLCM"	:	Hong Leong Company (Malaysia) Berhad
"HLIB"	:	Hong Leong Investment Bank Berhad
"HLREH"	:	Hong Leong Real Estate Holdings Sdn Bhd

"IAL"	:	Independent Advice Letter from IPS dated 20 October 2015 to our non-interested shareholders in relation to the Proposed Disposal
"Initial Disposal Consideration"	:	Estimated Purchase Price for the Sale Shares of RM189,333,000, subject to adjustments (if any) pursuant to provisions as set out in Section 2.2.2(i) of Part A of this Circular
"Interested Director and Major Shareholders"	:	YBhg Tan Sri Quek Leng Chan, HLCM, GLLM, Mr Kwek Leng Beng, Mr Quek Leng Chye and Mr Kwek Leng Kee, collectively
"IPS" or "Independent Adviser"	:	Inter-Pacific Securities Sdn Bhd
"Listing Requirements"	:	Main Market Listing Requirements of Bursa Securities, as amended from time to time
"LPD"	:	30 September 2015, being the latest practicable date prior to the printing of this Circular
"Management Accounts"	:	Management accounts of DCT as at the last day of the month preceding the month in which the Unconditional Date occurs
"NA"	:	Net assets
"Net Lettable Area"	:	Total areas within Office Tower A that are available and can be used exclusively by DCT
"PAT"	:	Profit after tax
"PATMI"	:	Profit after tax and minority interest
"PBT"	:	Profit before tax
"Proposed Disposal"	:	Proposed disposal of the entire issued and paid-up share capital of DCT, comprising the Sale Shares, to HLB for the Purchase Price
"Purchase Price"	:	Final purchase price of the Sale Shares to be determined in accordance with the provisions as set out in Section 2.2.2(i) of Part A of this Circular, which shall be satisfied fully in cash
"R&C"	:	Rahim & Co Chartered Surveyors Sdn Bhd
"RM" and "sen"	:	Ringgit Malaysia and sen respectively
"Sale Shares"	:	2,500,002 DCT Shares and such number of DCT RPS which are issued and fully paid-up and not yet redeemed as at the Unconditional Date
"sq ft"	:	Square feet
"SSA"	:	The conditional share sale agreement dated 3 July 2015 entered into between HLREH and HLB for the Proposed Disposal
"Unconditional Date"	:	The date on which the last of all the conditions precedent of the SSA (if not waived pursuant to Section 2.2.1(ii) of Part A of this Circular) has been fulfilled

"Valuation Certificate"	:	Valuation certificate dated 7 July 2015 in respect of the valuation of Office Tower A prepared by R&C

All references to "our Company" in this Circular are to GLM, references to "our Group" are to our Company and our subsidiaries, collectively, and references to "we", "us", "our" and "ourselves" are to our Company, and save where the context requires, shall include our subsidiaries.

All references to "you" and "your" in this Circular are to the shareholders of our Company.

Words importing the singular only shall, where applicable, include the plural and vice versa and words importing the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa. References to persons shall include corporations.

All references to the time of day in this Circular are references to Malaysian time.

Certain statements in this Circular may be forward-looking in nature, which are subject to uncertainties and contingencies. Forward-looking statements may contain estimates and assumptions made by our Board after due enquiry, which are nevertheless subject to known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements to differ materially from the anticipated results, performance or achievements expressed or implied in such forward-looking statements. In light of these and other uncertainties, the inclusion of a forward-looking statement in this Circular should not be regarded as a representation or warranty that our Company's plans and objectives will be achieved.

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PART A

LETTER TO OUR SHAREHOLDERS IN RELATION TO THE PROPOSED DISPOSAL

GuocoLand (Malaysia) Berhad (300-K)
A Member of the Hong Leong Group

Registered Office:
Level 10, Wisma Hong Leong
18 Jalan Perak
50450 Kuala Lumpur

20 October 2015

Board of Directors:

YBhg Tan Sri Quek Leng Chan (Chairman; Non-Executive/Non-Independent)
Mr Tan Lee Koon (Managing Director/Non-Independent)
YBhg Dato' Poh Yang Hong (Non-Executive/Non-Independent)
YBhg Dato' Ong Joo Theam (Non-Executive/Non-Independent)
YBhg Tan Sri Nik Mohamed bin Nik Yaacob (Non-Executive/Independent)
Mr Peter Ho Kok Wai (Non-Executive/Independent)
Mr Raymond Choong Yee How (Non-Executive/Non-Independent)

To: The Shareholders of GuocoLand (Malaysia) Berhad

Dear Sir/Madam,

PROPOSED DISPOSAL BY HLREH, A WHOLLY OWNED SUBSIDIARY OF GLM, OF THE ENTIRE ISSUED AND PAID-UP SHARE CAPITAL OF DCT TO HLB

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1. INTRODUCTION

On 3 July 2015, HLIB announced, on behalf of our Company, that HLREH, our wholly owned subsidiary, had on even date entered into the SSA for the proposed disposal of the Sale Shares to HLB for an indicative cash consideration of RM189,333,000 subject to adjustments (if any) pursuant to the terms and conditions of the SSA. As at the LPD, the issued and paid-up share capital of DCT comprises 2,500,002 DCT Shares and 36,450 DCT RPS.

In view of the interests of the Interested Director and Major Shareholders as set out in Section 6 of Part A of this Circular, the Proposed Disposal is deemed as a related party transaction pursuant to Paragraph 10.08 of the Listing Requirements. In this respect, on 3 July 2015, HLIB had announced, on behalf of our Board, that IPS has been appointed to act as the Independent Adviser to advise our non-interested directors and non-interested shareholders as to whether the Proposed Disposal is fair and reasonable so far as our non-interested shareholders are concerned and whether the Proposed Disposal is to the detriment of our non-interested shareholders.

The purpose of Part A of this Circular is to provide you with details and information on the Proposed Disposal, to set out our Board's recommendation and to seek your approval for the ordinary resolution pertaining to the Proposed Disposal to be tabled at our EGM. The Notice of EGM together with the Form of Proxy are enclosed in this Circular.

YOU ARE ADVISED TO READ AND CONSIDER THE CONTENTS OF THIS CIRCULAR INCLUDING THE IAL (AS SET OUT IN PART B OF THIS CIRCULAR) TOGETHER WITH THE APPENDICES CAREFULLY BEFORE VOTING ON THE ORDINARY RESOLUTION PERTAINING TO THE PROPOSED DISPOSAL TO BE TABLED AT OUR EGM.

2. DETAILS OF THE PROPOSED DISPOSAL

On 3 July 2015, HLREH, our wholly owned subsidiary, had entered into the SSA with HLB for the proposed disposal of the Sale Shares for an indicative cash consideration of RM189,333,000 subject to adjustments (if any) pursuant to the terms and conditions of the SSA. Upon completion of the Proposed Disposal, DCT will no longer be a wholly owned subsidiary of HLREH.

2.1 Information on DCT

DCT was incorporated in Malaysia under the Act on 28 December 2011 under the name of Tegas Jejaka Sdn Bhd as a private limited company and assumed its present name on 11 October 2012. As at the LPD, the authorised share capital of DCT is RM5,000,000 comprising 4,950,000 DCT Shares and 50,000 DCT RPS, of which 2,500,002 DCT Shares and 36,450 DCT RPS have been issued and paid-up.

DCT is principally a property investment company, holding the development and ownership rights in respect of a 33-storey purpose-built stratified office building currently referred to as "Office Tower A" which is located within the on-going integrated development project known as Damansara City Kuala Lumpur ("**Project**"). The Project is constructed on Geran 74955, Lot 58303, Mukim and District of Kuala Lumpur, State of Wilayah Persekutuan Kuala Lumpur ("**Land**").

The Project consists of 2 Grade-A office towers, including Office Tower A, 2 high-rise towers of luxury residences, a lifestyle mall and a 5-star international-class hotel.

A summary of the salient information on Office Tower A is as follows:

Description	:	33-storey purpose-built stratified office building currently referred to as Office Tower A, which is still under construction as at the LPD
Tenure	:	Freehold
Category of land use	:	Building
Proposed usage	:	Offices
Gross floor area	:	668,262 sq ft
Estimated Net Lettable Area	:	506,069 sq ft
Estimated development cost	:	RM350.6 million
Market value upon completion	:	RM582.0 million as appraised by R&C via its Valuation Certificate based on the comparison and investment methods of valuation
Audited carrying value of Office Tower A	:	RM418.0 million (as at 30 June 2015)
Registered owner of the Land	:	Damansara City Sdn Bhd
Beneficial owner of Office Tower A	:	DCT
Encumbrances	:	(i) A private caveat and a charge are registered over the Land in favour of Public Bank Berhad

		(ii) A lease on part of the Land is registered in favour of Tenaga Nasional Berhad
Commencement and expected completion date	:	Development of Office Tower A commenced in August 2013 and is expected to be completed by December 2015
Stage or percentage of completion	:	80% (as at the LPD)
Sources of funds to finance development cost	:	Bank borrowings and shareholders' equity
Relevant approvals for the development and dates obtained	:	(i) Development Order dated 7 July 2006, 10 March 2010, 22 February 2011 and 8 October 2012 (ii) Building Plan Approval dated 6 September 2010, 23 November 2012 and 11 May 2015

Further information on DCT is set out in Appendix I of this Circular.

2.2 Salient terms of the SSA

The salient terms of the SSA are as follows:

2.2.1 Conditions precedent

(i) The completion of the SSA is subject to and conditional upon all of the following conditions precedent being fulfilled and or obtained within 12 months from the date of the SSA or within such extended period as may be agreed between HLREH and HLB in writing ("**Conditional Period**"):

(a) HLREH obtaining the approval of Public Bank Berhad, the financier to DCT, for the change of shareholder of DCT;

(b) HLREH obtaining the approval of our shareholders at our EGM, for HLREH's sale of the Sale Shares; and

(c) HLREH obtaining the certificate of practical completion for Office Tower A.

(ii) HLREH and HLB may, where permitted by law, mutually agree in writing to waive any or all of the conditions precedent.

(iii) If any of the conditions precedent shall not be fulfilled or if an outcome of the appeal for a waiver of conditions imposed on an approval satisfactory to each of HLREH and HLB is not achieved within the Conditional Period, then either HLREH or HLB may at any time thereafter terminate the SSA by giving 7 days' written notice to the other party whereupon (a) neither HLREH nor HLB shall have further claims against the other party in respect of the SSA save and except of any antecedent breaches of the SSA, and (b) HLREH shall within 14 days of receiving written notice by HLB, refund to HLB the Deposit (as defined in Section 2.2.3(i)(a) herein) free of interest.

(iv) The SSA shall be regarded as unconditional on the Unconditional Date.

2.2.2 Purchase Price

(i) The Purchase Price shall be the aggregate sum of:

(a) the consideration for such number of DCT RPS which are issued and fully paid-up but not yet redeemed as at the Unconditional Date, calculated at RM1,000 only for each DCT RPS ("**RPS Purchase Price**"); and

(b) the consideration for the DCT Shares, being a sum equivalent to the net asset value of DCT as at the Unconditional Date based on the Building Value (as defined below), as shown in the Audited Accounts, and after deducting the RPS Purchase Price.

"**Building Value**" shall mean the value of Office Tower A, which shall be calculated based on RM1,150 only per sq ft over the aggregate Net Lettable Area of Office Tower A as confirmed by a registered surveyor. For the purpose of calculating the Purchase Price, the Net Lettable Area in excess of 5% of the initial estimated Net Lettable Area of 506,069 sq ft of Office Tower A shall be ignored[1].

(ii) The Initial Disposal Consideration for the Sale Shares is RM189,333,000, and the Purchase Price shall be determined in accordance with the provisions of Section 2.2.2(i) above.

(iii) Within 30 days from the Unconditional Date, HLREH shall deliver to HLB the following documents:

(a) the Management Accounts;

(b) the certificate of the registered surveyor stating the Net Lettable Area; and

(c) upon HLB's request, accounting books and records relating to DCT.

(iv) HLREH and HLB shall jointly appoint an independent auditor (the "**Auditor**") to audit the accounts of DCT as at the Unconditional Date. The Audited Accounts shall be final and binding on HLREH and HLB for all purposes of the SSA, save for manifest error.

2.2.3 Payment

(i) The Purchase Price shall be paid or caused to be paid by HLB in the following manner:

(a) a sum of RM5,679,990 only ("**RPGT Sum**"), being a sum equivalent to 3% of the Initial Disposal Consideration, has been paid by HLB to HLB's solicitors as stakeholders for the purpose of compliance with the Real Property Gains Tax Act 1976 upon the execution of the SSA by way of cash; and

(b) a sum of RM13,253,310 only ("**Balance Deposit**"), being a sum equivalent to 7% of the Initial Disposal Consideration, has been paid by HLB to HLREH upon the execution of the SSA by way of cash; and

(The RPGT Sum and Balance Deposit are hereinafter collectively referred to as "**Deposit**").

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1 This commercial term was arrived at based on negotiations between HLREH and HLB. HLREH had agreed to this term as it allows the Purchase Price to be adjusted accordingly if the actual Net Lettable Area upon completion of Office Tower A exceeds the initial estimated Net Lettable Area by up to 5%. Based on our Group's experience in property development, it would be unlikely for the actual Net Lettable Area of a building upon completion of construction to vary by more than 5% of the initial estimated Net Lettable Area.

(c) the balance of the Purchase Price, being the Purchase Price determined pursuant to the Management Accounts (but otherwise in accordance with Section 2.2.2(i) of Part A of this Circular) above less the Deposit, shall be paid or caused to be paid by HLB to HLREH within 21 days of the receipt by HLB of the Management Accounts by way of cash.

(ii) Any increase or reduction in the Purchase Price determined in a comparison between the Audited Accounts and the Management Accounts (but otherwise in accordance with Section 2.2.2(i) of Part A of this Circular) shall be paid by HLB or HLREH (as appropriate) within 14 days after the Auditor delivers the Audited Accounts to HLREH and HLB.

2.2.4 Events of default

(i) Default by HLREH

In the event that HLREH fails to observe or perform or is otherwise found to be in breach of any of the material provisions of the SSA for any reason whatsoever, HLB shall be entitled either (a) to terminate the SSA by way of a written notice to HLREH and HLREH shall forthwith refund to HLB all monies paid by HLB to HLREH including the Deposit and any payments towards the Purchase Price together with an amount equivalent to 10% of the Initial Disposal Consideration as agreed liquidated damages; or (b) to sue for the remedy of specific performance of the SSA against HLREH.

(ii) Default by HLB

In the event that HLB fails to observe or perform or is otherwise found to be in breach of any of the material provisions of the SSA for any reason whatsoever, HLREH shall be entitled either (a) to terminate the SSA by way of a written notice to HLB and to forfeit 10% of the Initial Disposal Consideration as agreed liquidated damages; or (b) to sue for the remedy of specific performance of the SSA against HLB.

(iii) No event of default under Sections 2.2.4(i) and 2.2.4(ii) of Part A of this Circular will occur if the failure to comply or breach is capable of remedy and is remedied within 14 days of either HLREH or HLB, as the case may be, giving notice to HLB or HLREH, as the case may be, of the failure to comply or breach.

2.2.5 Indemnity

HLREH agrees to indemnify and will keep HLB fully indemnified against any and all claims, losses, damages, costs, expenses and deficiencies (including legal fees) suffered, incurred or sustained by HLB in consequence of or in relation to any breach of HLREH's warranties and representations set out in the SSA provided always:

(i) HLREH shall not be liable to indemnify HLB for any claims made or brought by HLB against HLREH more than 1 year after the Completion Date;

(ii) such claim must set out in sufficient details the breach alleged and the amount claimed; and

(iii) no such claim(s) shall be made unless the amount which arises from or is attributable to a single breach exceeds RM250,000, and the total liability of HLREH for breach of undertakings and warranties shall not exceed 10% of the Initial Disposal Consideration.

2.2.6 Defects liability period

(i) As at the date of issuance of the certificate of completion and compliance:-

(a) Office Tower A is in good and substantial repair and fit for the purposes for which it is intended to be used; and

(b) there shall be no evidence of any structural or other defect in Office Tower A which is likely to involve other than routine maintenance in the foreseeable future.

(ii) Any defect, shrinkage or other faults in Office Tower A which shall become apparent within a period of 12 calendar months after the Completion Date and which are due to defective workmanship or material or Office Tower A not having been constructed in accordance with the plans and description as approved or amended by the relevant authorities or as stated in the SSA (save and except for defect, shrinkage or other fault resulting from any alterations to Office Tower A during the aforesaid period of 12 calendar months made or cause to be made by HLB and/or DCT) shall be repaired and made good by HLREH at its own cost and expenses within 45 days of it having received written notice thereof from HLB and/or DCT, failing which HLB and/or DCT may proceed to repair and make good the said defect, shrinkage or other faults and shall be entitled to recover from HLREH the costs of repairing and making good the same (which shall have been notified to HLREH prior thereto).

(iii) The rights of HLB under Section 2.2.6 of Part A of this Circular are separate and independent of the rights of HLB under any other clause of the SSA.

2.3 Basis and justification of arriving at the Initial Disposal Consideration

The Initial Disposal Consideration of RM189.3 million was arrived at on a “willing-buyer willing-seller” basis after taking into consideration the following:

(i) the unaudited NA of DCT as at 31 May 2015 of approximately RM38.2 million; and

(ii) the estimated market value of Office Tower A of RM582.0 million as appraised by an independent firm of valuers, R&C, using the investment and comparison methods of valuation. The salient features of the valuation report dated 7 July 2015 are set out in Section 2.4 of Part A of this Circular.

For illustrative purposes, the realisable NA value of DCT, after adjusting for the fair value adjustment based on the estimated market value, is as follows:

	RM ’million
Unaudited NA of DCT as at 31 May 2015	38.2
Add: Gain on fair value adjustment[(1)]	162.9
Less: Finance cost and other miscellaneous expenses	(3.7)
Less: Provision for deferred tax	(8.1)
Estimated realisable NA of DCT	**189.3**

Note:

(1) The gain on fair value adjustment is computed as follows:

	RM 'million
Estimated market value of Office Tower A	*582.0*
Less: Estimated development cost	*(350.6)*
Less: Stamp duty	*(2.7)*
Less: Gain on fair value which has been recognised in the accounts as at 30 June 2014	*(65.8)*
Gain on fair value adjustment	***162.9***

The Initial Disposal Consideration of RM189.3 million represents the estimated realisable NA of DCT of RM189.3 million as at the Completion of Office Tower A.

2.4 Salient features of the valuation report

The salient features of the valuation report prepared by R&C dated 7 July 2015 are as follows:

(i) The market value of Office Tower A is RM582,000,000, i.e. about RM1,150 per sq ft based on the Net Lettable Area of about 506,069 sq ft. The market value is the estimated amount for which a property should exchange on the date of valuation between a willing-buyer and a willing-seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

(ii) The valuation report of Office Tower A has been prepared in accordance with the Asset Valuation Guidelines issued by the Securities Commission Malaysia and the Malaysian Valuation Standards issued by the Board of Valuers, Appraisers and Estate Agents Malaysia.

(iii) Office Tower A was inspected by Mr Chee Kok Thim and Mr Wong Yoong Ching of R&C on 22 June 2015.

(iv) As Office Tower A is still under construction, the valuation is carried out by R&C on the following bases:

(a) Office Tower A is a 33-storey purpose-built stratified office building with a total Net Lettable Area of 506,069 sq ft (about 47,015.35 square metres) located within the on-going integrated commercial development known as Damansara City Kuala Lumpur;

(b) Completion of Office Tower A; and

(c) Office Tower A will be issued with the individual strata titles and the tenure of Office Tower A will be the same as the parent lot, i.e. freehold tenure and the strata titles will be good, marketable and registrable.

(v) In arriving at the market value of Office Tower A, R&C adopted the Comparison Method and Investment Method. The Comparison Method entails critical analyses of recent evidence of values of comparable properties in the neighbourhood and making adjustments for differences. The Investment Method entails the determination of the probable gross annual rental the property is capable of producing and deducting therefrom the outgoing to arrive at the annual net income. The net annual income is capitalised at a market derived net yield to arrive at the capital value of the property.

(vi) The value arrived at by the Investment and Comparison Method of Valuation is RM587,000,000 and RM582,000,000 respectively. There is a difference in value of RM5,000,000 between the two methods of valuation. R&C has adopted the value of RM582,000,000 as the market value of Office Tower A based on the Comparison Method as Office Tower A is yet to be occupied and hence, there are no tenancies yet to rely on.

Further details are set out in the Valuation Certificate as enclosed in Appendix II of this Circular.

2.5 Utilisation of proceeds

The estimated gross proceeds of approximately RM189.3 million arising from the Proposed Disposal are intended to be utilised in the following manner:

Details of utilisation	**RM 'million**	**Expected timeframe of utilisation of proceeds from the Completion Date**
Repayment of bank borrowings[(1)]	176.2	Within 12 months
Estimated tax and expenses for the Proposed Disposal[(2)]	13.1	Within 3 months
	189.3	

Notes:

(1) As at the LPD, the total bank borrowings of our Group stood at approximately RM1,536 million. Our Company intends to utilise approximately RM176.2 million of the proceeds raised from the Proposed Disposal to pare down the existing borrowings of our Group. Based on the weighted average cost of borrowings as at the LPD of approximately 4.5% per annum, such repayment is expected to result in potential annual interest savings of approximately RM7.9 million.

(2) The estimated tax and expenses in relation to the Proposed Disposal is RM12.4 million and RM0.7 million respectively. The estimated expenses for the Proposed Disposal comprise professional fees, payments to the relevant authorities, expenses to convene our EGM in relation to the Proposed Disposal, printing, advertisement and other ancillary expenses. In the event the actual expenses incurred are higher/lower than budgeted, the deficit/surplus will be funded from/contributed to the portion allocated for the repayment of bank borrowings.

2.6 Dates and original costs of investment

The total original cost of investment made by HLREH for the DCT Shares on 13 June 2012 and 19 June 2012 is RM2 and RM2,500,000 respectively, and the total original cost of investment for the DCT RPS made on 29 June 2012 amounted to RM36,450,000.

2.7 Liabilities to be assumed by the purchaser

Save for liabilities comprised in DCT, there are no other liabilities, including contingent liabilities and guarantees, to be assumed by HLB arising from the Proposed Disposal.

2.8 Details of the purchaser

HLB was incorporated as Kwong Lee Bank Limited in Malaysia on 26 October 1934 and changed its name to Kwong Lee Bank Berhad on 15 April 1966. In 1982, Kwong Lee Bank Berhad was acquired by MUI Group and on 2 February 1983, HLB changed its name to Malayan United Bank Berhad. Subsequently on 26 June 1989, HLB changed its name to MUI Bank Berhad. In January 1994, Hong Leong Group Malaysia acquired MUI Bank Berhad and HLB assumed its present name on 10 January 1994. In January 2001, HLB merged with Wah Tat Bank Berhad and HLB's wholly owned subsidiary, Hong Leong Finance Berhad, merged with Credit Corporation (Malaysia) Berhad. HLB completed the merger of the finance company business of its subsidiary, Hong Leong Finance Berhad, with the commercial banking business of HLB in August 2004.

On 6 May 2011, HLB completed the acquisition of the entire assets and liabilities of EON Capital Berhad. On 1 July 2011, the entire business of the former EON Bank Berhad, including all its assets and liabilities, was transferred to HLB in accordance with the Vesting Order granted by the High Court of Malaya.

HLB is a public company listed on the Main Market of Bursa Securities. The principal activities of HLB and its subsidiaries include commercial banking business, Islamic banking business, real property investment, investment holding and nominee services.

3. RATIONALE

Office Tower A is part of the Project undertaken by our Group and the sale of DCT, which is the beneficial owner of Office Tower A, is in the normal course of a development project.

4. RISK FACTOR

The risk factor in relation to the Proposed Disposal is the delay or non-completion of the Proposed Disposal.

The Proposed Disposal is conditional upon all the conditions precedent as set out in the SSA being obtained/fulfilled or waived. There is no assurance that the Proposed Disposal can be completed within the timeframe stipulated under the SSA. Any delay in the fulfilment of the conditions precedent may lead to a delay in the completion or termination of the Proposed Disposal.

Notwithstanding the above, HLREH will take reasonable steps to ensure that the conditions precedent as set out in the SSA that are within HLREH's control are met on a timely basis in order for the Proposed Disposal to be completed within a reasonable timeframe.

5. EFFECTS

5.1 Issued and paid-up share capital and substantial shareholders' shareholdings

The Proposed Disposal will not have any effect on the issued and paid-up share capital and the shareholdings of the substantial shareholders of our Company as the Proposed Disposal does not involve any issuance of new GLM Shares.

5.2 Earnings and EPS

Upon completion of the Proposed Disposal, our Group is expected to realise a net gain on disposal of approximately RM137.3 million, which is computed as follows:

	RM '000
Initial Disposal Consideration	189,333
Less: Original cost of investment of DCT	(38,950)
Less: Estimated tax and expenses	(13,100)
Net gain on disposal	**137,283**

As the Proposed Disposal is expected to be completed in the first quarter of 2016, the net gain will be recognised in the FYE 30 June 2016. The net gain attributable to owners of our Company represents an increase in EPS of approximately RM0.20.

For illustration purposes only, assuming that the Proposed Disposal had been effected at the beginning of the FYE 30 June 2015, the proforma effects on the earnings and EPS of our Group are as follows:

	PATMI/Proforma PATMI (RM '000)	**EPS/Proforma EPS(1) (sen)**
PATMI and EPS of our Group for the FYE 30 June 2015	188,866	28.19
Add: Net gain on disposal	137,283	20.49
Add: Reversal of cost attributable to DCT	3,427	0.51
Proforma PATMI and EPS of our Group for the FYE 30 June 2015	329,576	49.19

Note:

(1) Based on 669,880,418 GLM Shares, being the weighted average number of GLM Shares in issue, excluding GLM Shares held in trust for the executive share scheme of our Company.

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5.3 NA and gearing

Based on the latest audited consolidated financial statements of our Company for the FYE 30 June 2015 and assuming that the Proposed Disposal had been effected on 30 June 2015, the proforma effects of the Proposed Disposal on the consolidated NA and gearing of our Company are set out below:

	Audited as at 30 June 2015 (RM '000)	**After the Proposed Disposal (RM '000)**
Share capital	350,229	350,229
Share premium	35,089	35,089
Exchange reserve	3	3
Fair value reserve	434	434
Merger reserve	(24,028)	(24,028)
Capital redemption reserve	17	17
Shares held by executive share scheme trust	(23,883)	(23,883)
Retained profits	784,787	(1)922,070
NA attributable to owners of the parent	**1,122,648**	**1,259,931**
Number of GLM Shares in issue ('000)	700,459	700,459
NA per share (RM)	1.60	1.80
Total borrowings (RM '000)	1,208,763	(2)1,032,563
Gearing (times)	1.08	0.82

Notes:

(1) *After taking into consideration the estimated net gain on disposal of approximately RM137.3 million based on the original cost of investment in DCT and after deducting estimated tax and expenses of approximately RM13.1 million in relation to the Proposed Disposal.*

(2) *Assuming repayment of bank borrowings of RM176.2 million as disclosed in Section 2.5 of Part A of this Circular.*

6. INTERESTS OF DIRECTOR, MAJOR SHAREHOLDERS AND/OR PERSONS CONNECTED WITH THEM

HLCM is a major shareholder of GLM and HLB through GLLM and Hong Leong Financial Group Berhad respectively.

YBhg Tan Sri Quek Leng Chan is a director and major shareholder of GLM, HLB and HLCM. Mr Kwek Leng Beng is a major shareholder of GLM and HLB, and a director and major shareholder of HLCM. Mr Quek Leng Chye and Mr Kwek Leng Kee are major shareholders of GLM, HLB and HLCM. YBhg Tan Sri Quek Leng Chan and Mr Quek Leng Chye are brothers. The shareholdings of the Interested Director and Major Shareholders in GLM as at the LPD are as follows:

	Direct		Indirect	
	No. of GLM Shares	%	No. of GLM Shares	%
HLCM	-	-	(1)455,198,596	64.99
GLLM	455,130,580	64.98	-	-
YBhg Tan Sri Quek Leng Chan	19,506,780	2.78	(2)455,698,596	65.06
Mr Kwek Leng Beng	-	-	(2)455,698,596	65.06
Mr Quek Leng Chye	-	-	(2)455,698,596	65.06
Mr Kwek Leng Kee	-	-	(2)455,698,596	65.06

Notes:

(1) Held through subsidiaries.

(2) Held through HLCM and a company in which the major shareholder has interest.

YBhg Tan Sri Quek Leng Chan had abstained and will continue to abstain from deliberating and voting at the relevant meetings or on the relevant resolutions of our Board in respect of the Proposed Disposal.

The Interested Director and Major Shareholders shall abstain from voting, in respect of their direct and/or indirect interests, on the proposed ordinary resolution pertaining to the Proposed Disposal at our EGM. The Interested Director and Major Shareholders will ensure that persons connected with them will also abstain from voting, in respect of their direct and/or indirect interests, if any, on the proposed ordinary resolution pertaining to the Proposed Disposal at our EGM.

Save as disclosed above, none of the directors and major shareholders of our Company and/or any persons connected with them has any interest, direct or indirect, in the Proposed Disposal.

7. APPROVALS REQUIRED/OBTAINED

The Proposed Disposal is subject to, amongst others, the approval of our shareholders at our EGM.

The approval of BNM was obtained by HLB for its proposed acquisition of DCT vide BNM's letter dated 13 February 2015.

The Proposed Disposal is not conditional upon any other proposals undertaken or to be undertaken by our Company.

8. CORPORATE EXERCISES ANNOUNCED BUT PENDING COMPLETION

Save for the Proposed Disposal and as disclosed below, there are no other corporate proposals which have been announced but have yet to be completed as at the LPD:

(i) BLV Fashions Sdn Bhd, an indirect wholly owned subsidiary of our Company, had on 10 September 2015, entered into a conditional sale and purchase agreement with Mayapada Capital Sdn Bhd ("**MCSB**") for the proposed disposal of certain commercial office and car park parcels in Blocks C and D of Menara Pandan, Pandan Indah, Kuala Lumpur for a cash consideration of RM33.0 million. The said proposed disposal is subject to the fulfilment of conditions precedent; and

(ii) Guobena Development Sdn Bhd, an indirect wholly owned subsidiary of our Company, had on 10 September 2015, entered into a conditional sale and purchase agreement with MCSB for the proposed disposal of certain commercial office and car park parcels in Blocks C and D of Menara Pandan, Pandan Indah, Kuala Lumpur for a cash consideration of RM33.0 million. The said proposed disposal is subject to the fulfilment of conditions precedent.

9. RELATED PARTY TRANSACTIONS

Save for the recurrent related party transactions that are disclosed in the circular to the shareholders of our Company dated 22 September 2014 and had been approved by our shareholders on 14 October 2014, there were no other related party transactions transacted with HLB for the 12 months preceding the LPD.

10. INDEPENDENT ADVISER

In view of the interests of the Interested Director and Major Shareholders for the Proposed Disposal as set out in Section 6 of Part A of this Circular, the Proposed Disposal is deemed as a related party transaction pursuant to Paragraph 10.08 of the Listing Requirements. In this respect, IPS has been appointed to act as the Independent Adviser to advise our non-interested directors and non-interested shareholders on whether:

(i) the Proposed Disposal is fair and reasonable so far as our non-interested shareholders are concerned;

(ii) the Proposed Disposal is to the detriment of our non-interested shareholders; and

(iii) our non-interested shareholders should vote in favour of the Proposed Disposal at our EGM.

Please refer to the IAL as set out in Part B of this Circular.

11. AUDIT COMMITTEE'S STATEMENT

The Board Audit & Risk Management Committee ("**BARMC**") of our Company, having considered all aspects of the Proposed Disposal (including, but not limited to the terms and rationale for the Proposed Disposal), is of the opinion that the Proposed Disposal is:

(i) in the best interest of our Company;

(ii) fair, reasonable and on normal commercial terms; and

(iii) not detrimental to the non-interested shareholders of our Company.

In arriving at the above view, the BARMC had taken into consideration, amongst others, the following:

(i) the IAL as set out in Part B of this Circular;

(ii) the basis of arriving at the Initial Disposal Consideration; and

(iii) the Valuation Certificate.

12. DIRECTORS' STATEMENT

Our Board (save for YBhg Tan Sri Quek Leng Chan who has abstained from all voting and deliberation), having taken into consideration all aspects of the Proposed Disposal (including but not limited to the rationale for and the proforma effects of the Proposed Disposal, the proposed utilisation of proceeds arising from the Proposed Disposal, as well as the opinion of IPS), is of the opinion that the Proposed Disposal is in the best interest of our Company.

Accordingly, our Board (save for YBhg Tan Sri Quek Leng Chan who has abstained from expressing any opinion in relation to the Proposed Disposal) recommends that you vote in favour of the ordinary resolution pertaining to the Proposed Disposal to be tabled at our EGM.

13. ESTIMATED TIMEFRAME FOR COMPLETION

Barring any unforeseen circumstances and subject to all required approvals being obtained, our Board expects the Proposed Disposal to be completed by the first quarter of 2016.

The tentative timeline for the implementation of the Proposed Disposal is set out below:

Key milestones	Tentative timeline
EGM	11 November 2015
Completion of the Proposed Disposal	End February 2016

14. EGM

The proposed resolution in respect of the Proposed Disposal will be tabled at our EGM to be held at the Theatrette, Level 1, Wisma Hong Leong, 18 Jalan Perak, 50450 Kuala Lumpur on Wednesday, 11 November 2015 at 11.30 a.m. or if later, upon the conclusion or adjournment of the 91st Annual General Meeting of our Company to be held at the same venue on the same day at 11.00 a.m. or at any adjournment of the EGM.

In view of the interests of the Interested Director and Major Shareholders disclosed in Section 6 of Part A of this Circular and the fact that the Proposed Disposal is deemed as a related party transaction pursuant to Paragraph 10.08 of the Listing Requirements, the proposed resolution in respect of the Proposed Disposal will be taken on a poll.

The Notice of EGM together with the Form of Proxy are enclosed in this Circular.

If you are unable to attend our EGM and wish to appoint other person(s) to be your proxy, please complete the enclosed Form of Proxy and deposit it at our Registered Office at Level 10, Wisma Hong Leong, 18 Jalan Perak, 50450 Kuala Lumpur, so as to arrive not less than 48 hours before the time appointed for the holding of our EGM or any adjournment thereof.

The completion and deposit of the Form of Proxy will not preclude you from attending and voting at our EGM in person should you subsequently wish to do so, in which case the Form of Proxy deposited shall be deemed withdrawn and the proxy shall not be entitled to be present or vote at our EGM. The Form of Proxy should be completed strictly in accordance with the instructions contained therein.

15. FURTHER INFORMATION

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

Yours faithfully,
For and on behalf of the Board of
GUOCOLAND (MALAYSIA) BERHAD

TAN LEE KOON
Managing Director

PART B

INDEPENDENT ADVICE LETTER FROM IPS TO OUR NON-INTERESTED SHAREHOLDERS IN RELATION TO THE PROPOSED DISPOSAL

INTER-PACIFIC
SECURITIES SDN. BHD.
(12738-U)
A Participating Organisation of Bursa Malaysia Securities Berhad

West Wing, Level 13
Berjaya Times Square
No. 1, Jalan Imbi
55100 Kuala Lumpur

20 October 2015

To: The non-interested shareholders of GuocoLand (Malaysia) Berhad

Dear Sir/Madam,

GUOCOLAND (MALAYSIA) BERHAD ("GLM" OR THE "COMPANY")

- **INDEPENDENT ADVICE LETTER TO THE NON-INTERESTED SHAREHOLDERS OF GLM ("NON-INTERESTED SHAREHOLDERS") IN RELATION TO THE PROPOSED DISPOSAL BY HONG LEONG REAL ESTATE HOLDINGS SDN BHD, A WHOLLY OWNED SUBSIDIARY OF GLM, OF THE ENTIRE ISSUED AND PAID-UP SHARE CAPITAL IN DC TOWER SDN BHD TO HONG LEONG BANK BERHAD FOR AN INDICATIVE CASH CONSIDERATION OF RM189,333,000, SUBJECT TO ADJUSTMENTS (IF ANY)**

This IAL is prepared for inclusion in this Circular dated 20 October 2015. All definitions used in this IAL shall have the same meaning as the words and expressions provided in the "Definitions" section of this Circular, except where the context herein requires otherwise or where otherwise defined herein.

1. INTRODUCTION

On 3 July 2015, HLIB had on behalf of the Company announced that HLREH, a wholly owned subsidiary of GLM, had on even date entered into a SSA in relation to the Proposed Disposal.

In view of the interests of the Interested Director and Major Shareholders as set out in Section 6 of Part A of this Circular, the Proposed Disposal is deemed as a related party transaction pursuant to Paragraph 10.08 of the Listing Requirements.

In compliance with the Listing Requirements, the Board (save for YBhg Tan Sri Quek Leng Chan) has appointed IPS as the Independent Adviser to advise the non-interested directors and the Non-Interested Shareholders on whether the Proposed Disposal is fair and reasonable so far as the Non-Interested Shareholders are concerned and whether the transaction is to the detriment of the Non-Interested Shareholders as well as to provide our recommendation in relation to the ordinary resolution pertaining to the Proposed Disposal to be tabled at the EGM.

The purpose of this IAL is to provide the Non-Interested Shareholders with an independent evaluation of the Proposed Disposal, and our opinion and recommendation thereon subject to the scope and limitations specified herein. You should nonetheless rely on your own evaluation of the merits and demerits of the Proposed Disposal before making a decision on the course of action to be taken.

THIS IAL IS PREPARED SOLELY FOR THE USE OF THE NON-INTERESTED SHAREHOLDERS FOR THE PURPOSE OF VOTING ON THE PROPOSED DISPOSAL AT THE EGM OF THE COMPANY AND SHOULD NOT BE USED OR RELIED UPON BY ANY OTHER PARTY FOR ANY OTHER PURPOSES WHATSOEVER.

YOU ARE ADVISED TO READ AND FULLY UNDERSTAND BOTH THIS IAL AND PART A OF THIS CIRCULAR TOGETHER WITH THE ACCOMPANYING APPENDICES THEREIN AND TO CONSIDER CAREFULLY OUR EVALUATION AND RECOMMENDATION BEFORE VOTING ON THE RESOLUTION PERTAINING TO THE PROPOSED DISPOSAL TO BE TABLED AT THE EGM OF YOUR COMPANY.

2. CREDENTIALS, EXPERIENCE AND EXPERTISE OF IPS

IPS is a participating organisation of Bursa Securities and provides a range of services including corporate finance advisory, stocks and futures broking and research. Our corporate finance team provides a wide range of corporate finance advisory services including mergers, acquisitions and divestitures, equity fund raisings, corporate restructuring and independent advisory opinions.

Our credentials and experience where we had been appointed as an independent adviser in the past two (2) years prior to the date of the SSA include, amongst others, the following:

(i) conditional voluntary take-over offer by Trance Rex Sdn Bhd, Dato' Chee Peck Kiat @ Chee Peck Jan, Darmendran a/l Kunaretnam and Chee Cheng Chun through RHB Investment Bank Berhad to acquire all the remaining ordinary shares and outstanding warrants of Kejuruteraan Samudra Timur Berhad, where our independent advice circular was issued and dated 23 April 2015;

(ii) proposed voluntary withdrawal of Versatile Creative Berhad from the official list of Bursa Securities pursuant to Paragraph 16.06 of the Listing Requirements, where our independent advice letter was issued and dated 20 June 2014;

(iii) proposed disposals by Hong Leong Industries Berhad of 30,000,000 ordinary shares of RM1.00 each representing 100% equity interest in Hume Industries (Malaysia) Sdn Bhd for a total disposal consideration of RM48,000,000 and the entire 175,000,000 6-year 2% non-cumulative irredeemable convertible preference shares of RM1.00 each in Hume Cement Sdn Bhd for a total disposal consideration of RM300,000,000 to Narra Industries Berhad, where our independent advice letter was issued and dated 20 May 2014;

(iv) proposed acquisition by Ire-Tex Corporation Berhad of the entire issued and paid-up share capital of Zoomic Automation (M) Sdn Bhd for a cash consideration of RM8,200,000 and the entire issued and paid-up share capital of Zoomic Technology (M) Sdn Bhd for a cash consideration of RM16,400,000, where our independent advice letter was issued and dated 13 March 2014;

(v) proposed acquisitions by Latitude Tree Holdings Berhad of all the subsidiaries of Latitude Tree International Group Ltd for an aggregate purchase consideration of SGD48.75 million to be satisfied via a combination of set-off against capital due from the proposed selective capital reduction of Latitude Tree International Group Ltd and cash, where our independent advice letter was issued and dated 5 August 2013; and

(vi) proposed exemption for Wong SK Holdings Sdn. Bhd. and persons acting in concert with Wong SK Holdings Sdn. Bhd from the obligation to undertake a mandatory take-over offer for all remaining Asia Media Group Berhad shares and warrants not already owned by Wong SK Holdings Sdn. Bhd. and the persons acting in concert under Paragraph 16.1 of Practice Note 9 of the Malaysian Code on Take-Overs and Mergers, 2010, where our independent advice letter was issued and dated 4 July 2013.

Premised on the foregoing, IPS is capable and competent and have the relevant experience in carrying out its role and responsibilities as an independent adviser to advise the non-interested directors and Non-Interested Shareholders in relation to the Proposed Disposal.

3. DECLARATION OF CONFLICT OF INTEREST

We confirm that there is no existing conflict of interest situation or potential conflict of interest situation for us to carry out our role as Independent Adviser in connection with the Proposed Disposal and there were no professional relationships between us and GLM in the past two (2) years prior to the date of this IAL.

4. SCOPE AND LIMITATIONS TO OUR EVALUATION OF THE PROPOSED DISPOSAL

IPS was not involved in the formulation and structuring of the Proposed Disposal and/or any deliberations and negotiations pertaining to the terms and conditions of the Proposed Disposal. IPS' scope as the Independent Adviser is limited to expressing an opinion on the fairness and reasonableness of the Proposed Disposal and whether the transaction is to the detriment of the Non-Interested Shareholders, based on the following sources of information and documents:

(i) information contained in Part A of this Circular and the appendices enclosed therein;

(ii) other relevant information, documents, confirmations and representations provided to us by the Board and management of GLM;

(iii) discussions and consultations with the management of GLM;

(iv) the SSA;

(v) the valuation report by R&C dated 7 July 2015 ("**Valuation Report**") and the Valuation Certificate; and

(vi) other publicly available information which we consider relevant for our evaluation.

We have relied on the Board and management of GLM to exercise due care to ensure that all information, data, documents and representations provided to us to facilitate our evaluation are accurate, valid and complete in all material respects. Accordingly, we have not independently verified such information, whether written or verbal, and shall not assume responsibility for its reasonableness, reliability, validity, accuracy and/or completeness of such information. We express no opinion on any such information and have not undertaken any independent investigation into the business and affairs of GLM and all relevant parties involved in the Proposed Disposal.

The directors of GLM have collectively and individually accepted full responsibility for the accuracy, validity and completeness of the information, documents, data and statements provided to us and as contained herein in relation to the Proposed Disposal and confirmed that, after having made all reasonable enquiries and to the best of their knowledge and belief, all relevant facts and information in relation to the Proposed Disposal that are necessary for our evaluation have been completely and accurately disclosed to us and there is no omission of any material fact, the omission of which would render any such information provided to us false, incomplete, misleading and/or inaccurate.

Our evaluation and recommendation expressed herein shall hold only insofar as the information, documents, data and statements furnished to us up to the LPD of this IAL remains accurate, valid and consistent. Premised on the aforementioned, we believe that all such information is neither false nor misleading under the circumstances.

The Non-Interested Shareholders should note that the views expressed by IPS herein are, amongst others, based on the current economic, market, industry, regulatory, monetary, social-political and other conditions (if applicable) prevailing up to the LPD. Such conditions may change over a short period of time which may adversely affect amongst others, the financial and operational conditions of the Group. Accordingly, our evaluation and opinion in this IAL do not take into account information, events and conditions arising or may occur after the LPD. Our advice should be considered in the context of the entirety of this IAL.

In rendering our advice, we had taken note of pertinent issues which we believe are necessary and of importance to an assessment of the implications of the Proposed Disposal and are of general concern to the Non-Interested Shareholders. As such:

(i) our evaluation and recommendation contained herein are based on the assessment of the fairness and reasonableness of the valuation to arrive at the disposal consideration of the Proposed Disposal. Comments or points of consideration which may be commercially oriented such as the rationale, financial effects, potential benefits and future prospects of the Proposed Disposal are included for our overall evaluation as we deem it necessary for disclosure purposes to enable the Non-Interested Shareholders to consider and form their views in a more holistic manner thereon. We do not express an opinion on legal, accounting and taxation issues relating to the Proposed Disposal;

(ii) our views and advice as contained in this IAL only cater to the Non-Interested Shareholders at large and not to any Non-Interested Shareholder individually or any specific group of Non-Interested Shareholders. Hence, in carrying out our evaluation, we have not given due consideration to the specific investment objectives, risk profiles, financials and tax situations and particular needs of any individual Non-Interested Shareholder or any specific group of Non-Interested Shareholders; and

(iii) we recommend that any individual Non-Interested Shareholder or any group of Non-Interested Shareholders who is in doubt as to the action to be taken or require advice in relation to the Proposed Disposal in the context of their individual investment objectives, risk profiles, financials and tax situations or particular needs, consult their respective stockbrokers, bankers, solicitors, accountants or other professional advisers immediately.

5. DETAILS OF THE PROPOSED DISPOSAL

Details of the Proposed Disposal are set out in Section 2 of Part A of this Circular.

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6. EVALUATION OF THE PROPOSED DISPOSAL

In evaluating the Proposed Disposal, we have taken into consideration the following factors in forming our opinion:

(i) rationale for the Proposed Disposal;

(ii) evaluation of the Initial Disposal Consideration;

(iii) salient terms of the SSA;

(iv) effects of the Proposed Disposal;

(v) market overview and industry outlook; and

(vi) risk factor relating to the Proposed Disposal.

6.1 Rationale for the Proposed Disposal

We have taken note of the rationale for the Proposed Disposal as set out in Section 3 of Part A of this Circular.

Based on GLM's audited consolidated financial statements for the FYE 30 June 2015, the Group is in the business of property investment and development, hotel operations, car park operations and provision of property related services.

We noted that property investment and development are within the normal course of business of the Group. We also noted that the Proposed Disposal will provide an opportunity for the Group to unlock its investment in DCT (which includes Office Tower A). The total original cost of investment made by HLREH for both the DCT Shares and the DCT RPS amounted to RM38,950,002. The Proposed Disposal will result in a net gain on disposal of approximately RM137.3 million based on the Initial Disposal Consideration, original cost of investment in DCT by HLREH, after deducting estimated tax and expenses of approximately RM13.1 million in relation to the Proposed Disposal. Accordingly, the net gain attributable to the owners of the Company represents an increase in EPS of approximately RM0.20.

In addition, we further noted that GLM intends to utilise approximately RM176.2 million of the proceeds raised from the Proposed Disposal for repayment of the Group's bank borrowings. Therefore, as a result, the Group expects potential interest savings of approximately RM7.9 million per annum, based on the Group's weighted average cost of borrowings as at the LPD of approximately 4.5% per annum.

Assuming that the Proposed Disposal had been effected at the beginning of FYE 30 June 2015, on a proforma basis, the EPS of the Company will increase from 28.19 sen to 49.19 sen. In addition, upon completion of the Proposed Disposal, the gearing of the Group will decrease from 1.08 times to 0.82 times as a result of the repayment of bank borrowings and the increase in NA of the Group due to the estimated net gain arising from the Proposed Disposal. The proforma effects of the Proposed Disposal are further explained under Section 6.4 of this IAL.

Premised on our evaluation above, we are of the view that the rationale for the Proposed Disposal is reasonable and not detrimental to the Non-Interested Shareholders.

6.2 Evaluation of the Initial Disposal Consideration

6.2.1 Basis of the Initial Disposal Consideration

As stated in Section 2.3 of Part A of this Circular, the Initial Disposal Consideration of RM189.3 million was arrived at on a "willing-buyer willing-seller" basis after taking into consideration the following:

(i) the unaudited NA of DCT as at 31 May 2015 of approximately RM38.2 million; and

(ii) the estimated market value of Office Tower A of RM582.0 million as appraised by an independent firm of valuers, R&C, using the investment and comparison methods of valuation.

For illustrative purposes, the realisable NA value of DCT, after adjusting for the fair value adjustment based on the estimated market value, is as follows:

	RM 'million
Unaudited NA of DCT as at 31 May 2015	38.2
Add: Gain on fair value adjustment(1)	162.9
Less: Finance cost and other miscellaneous expenses	(3.7)
Less: Provision for deferred tax	(8.1)
Estimated realisable NA of DCT	**189.3**

Note:

(1) The gain on fair value adjustment is computed as follows:

	RM 'million
Estimated market value of Office Tower A	*582.0*
Less: Estimated development cost	*(350.6)*
Less: Stamp duty	*(2.7)*
Less: Gain on fair value which has been recognised in the accounts as at 30 June 2014	*(65.8)*
Gain on fair value adjustment	***162.9***

The Initial Disposal Consideration of RM189.3 million represents the estimated realisable NA of DCT of RM189.3 million as at the Completion of Office Tower A.

The Valuation Certificate for Office Tower A prepared by R&C is as set out under Appendix II of this Circular. The Valuation Report is available for inspection at GLM's registered office.

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6.2.2 Valuer's basis of valuation

We noted that the construction of Office Tower A has yet to be completed as at the LPD. R&C had on 22 June 2015 inspected Office Tower A and this date of inspection is considered by R&C as the material date of valuation of Office Tower A.

The valuation was carried out on the following bases:

(i) Office Tower A is a 33-storey purpose-built stratified office building with a total Net Lettable Area of 506,069 sq ft (about 47,015.35 square metres) located within the on-going integrated commercial development known as Damansara City Kuala Lumpur;

(ii) Office Tower A has been completed in accordance with the approved building plans and specifications and duly issued with a certificate of practical completion; and

(iii) Office Tower A will be issued with the individual strata titles and the tenure of Office Tower A will be the same as the parent lot, i.e. freehold tenure and the strata titles will be good, marketable and registrable.

6.2.3 Valuation methods applied by the valuer

We noted that in arriving at the market value of Office Tower A, R&C had adopted the comparison method and the investment method.

- **Comparison method**

  The comparison method entails critical analyses of recent evidence of values of comparable properties in the neighbourhood and making adjustments for differences. R&C had taken into consideration the location, size, quality and condition of Office Tower A.

- **Investment method**

  The investment method entails the determination of the probable gross annual rental the property is capable of producing and deducting therefrom the outgoings to arrive at the annual net income. The net annual income is capitalised at a market derived net yield to arrive at the capital value of the property.

The details in relation to both methods of valuation of Office Tower A are as set out in Section 6.2.4 below.

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6.2.4 Basis of arriving at the market value of Office Tower A

Comparison method

Based on the Valuation Report, we noted that in arriving at the market value of Office Tower A based on the comparison method, R&C has identified and analysed the following transactions of purpose-built office buildings in the Klang Valley area as follows:

	Comparable 1		Comparable 2		Comparable 3		Comparable 4	
Property details								
Building name	**Tower 1, Avenue 3, The Horizon**		**MTR 2 Building**		**Integra Tower**		**Platinum Sentral**	
Title No./Strata title No./Parcel No.	PN 46338		GRN 7161 and GRN 29223		N/A		GRN 4622	
Lot No./Mukim/District/State	Lot 58190, Mukim and District of Kuala Lumpur, State of Wilayah Persekutuan Kuala Lumpur		Lot 1511, Section 46 and Lot 1721, Town and District of Kuala Lumpur, State of Wilayah Persekutuan Kuala Lumpur		N/A		Lot 73, Section 70 and District of Kuala Lumpur, State of Wilayah Persekutuan Kuala Lumpur	
Address	Bangsar South, No.8 Jalan Kerinchi, Kuala Lumpur		Jalan Raja Laut, Kuala Lumpur		Jalan Tun Razak, Kuala Lumpur		KL Sentral	
Property type	12-storey office block		Thirty-one (31) floors of strata office space with a total net lettable area of 439,000 sq ft of a proposed office building known as MTR 2 Building and four hundred and forty (440) car park bays		A 39-storey Grade A office tower		5-blocks of 4 to 7 storey office building with retail on the ground floor	
Net lettable area (sq.m)	5,732.12		40,858.76		70,672.74		44,208.56	
Net lettable area (sq.ft)	61,700		439,800		760,715		475,857	
Number of car park bays	0 bays		440 bays		850 bays		635 bays	
Age of building	5 years		Under construction		Newly completed		2.25 years	
Tenure	99-year lease expiring 16/08/2106		Freehold		Freehold		Freehold	
Remarks	Green building		Green building		Green building		Green building	
Consideration (RM)	72,540,000		510,000,000		1,065,000,000		740,000,000	
Car park consideration (RM)	-		26,400,000		51,000,000		41,275,000	
Consideration without car parks (RM)	72,540,000		483,600,000		1,014,000,000		698,725,000	
Analysis (RM per sq ft ("**psf**"))	1,176		1,100		1,333		1,468	
Date of transaction	30 December 2013		18 April 2012		1 April 2015		10 April 2014	
Time adjustment								
Time adjustment	5%		10%		0%		0%	
Total time adjustment	5%		10%		0%		0%	
Market value (RM psf)	1,234		1,210		1,333		1,468	
Other adjustments								
Location/visibility	Subject property is better	5%	Similar	0%	Comparable is better	-10%	Comparable is better	-10%
Building design/finishes/prestige	Similar	0%	Similar	0%	Comparable is better	-5%	Similar	0%
Size (Net lettable area) (sq ft)	61,700	-12.5%	439,800	-5%	760,715	5%	475,857	-2.5%
Tenure	Leasehold (94 years)	5%	Freehold	0%	Freehold	0%	Freehold	0%
Occupancy/tenants' profile	100%	-5%	Unoccupied	0%	Occupied	-5%	Occupied	-5%
Total adjustment		-7.5%		-5%		-15%		-17.5%
Adjusted value (RM psf)		1,142		1,149		1,133		1,211

In determining the market value of Office Tower A, R&C had considered the abovementioned four (4) comparable transactions and made appropriate adjustments to reflect Office Tower A's characteristics such as time, location/visibility, building design/finishes/prestige, size, tenure and occupancy/tenants' profile in arriving at the adjusted values. Based on the Valuation Report and the table above, we noted that adjustments have been made to all comparables and after reconciliation of values, R&C has adopted Comparable 3 and 4 as the best comparables with the adjusted average value of RM1,172 psf, which was rounded down to RM1,150 psf.

The adjusted value adopted by R&C of RM1,150 psf for Office Tower A is within the range of adjusted values of the four (4) comparable transactions in the Klang Valley area of RM1,133 psf and RM1,211 psf.

As the total Net Lettable Area of Office Tower A is 506,069 sq ft, the total valuation of the Office Tower A based on the value of RM1,150 psf is approximately RM582.0 million.

Investment method

We have noted from the Valuation Report that in arriving at the market value of Office Tower A based on the investment method, R&C has based it on the following:

a) monthly gross rental at an estimated rate of RM7.00 psf which is within the range of selected purpose-built offices located in Klang Valley of comparable office buildings ranging from RM5.83 to RM8.80 psf. As Office Tower A is accredited with GOLD LEED Pre-certified, GBI Certified, MSC ready and located in Damansara Heights, R&C is of the opinion that the fair rental rate of Office Tower A is RM7.00 psf;

b) average monthly outgoings of RM1.40 psf based on the range of RM1.00 to RM1.55 psf of selected office buildings located within the vicinity of Office Tower A as well as in Klang Valley;

c) void allowance of 5% (to reflect the long term condition from the annual net rental income for vacancy period and rent free and fitting out periods) which is within market range. The average void for the past seven years for office buildings in Klang Valley was about 19.07%. The voids are mainly in the older office buildings as new buildings that are built with green features and are MSC compliant are in demand. Therefore, R&C is of the opinion that a void of 5% is reasonable for Office Tower A; and

d) a net yield of 5.5% which was arrived at after taking into consideration the net yield of other comparable office buildings located in Klang Valley ranging from 5.12% to 5.64%.

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The following table summarises the calculation for the value of Office Tower A based on the investment method as extracted from the Valuation Report:

Item	**Amount (RM)**	**Remarks**
Gross income per annum	42,509,796	Based on the market rate of RM7.00 psf.
Less:		
Outgoings per annum	(8,501,959)	Based on average monthly outgoings of RM1.40 psf.
Net income per annum	34,007,837	
Void allowance (5%)	(1,700,392)	To reflect the long-term market condition from the annual net rental income for vacancy period and rent free and fitting out periods which R&C deems to be fair.
	32,307,445	
Times:		
- Net yield (5.5%)	18.1818	Based on the occupancy rate adopted by R&C which is within the analysed net yield range of 5.12% to 5.64%.
Total	587,408,090	
Market value	587,000,000	

Please refer to the Valuation Certificate as set out in Appendix II of this Circular for further details of the above.

Market Value

R&C's computations of the market value of Office Tower A based on the comparison method and investment method are as follows:

Valuation methodology	**Market value (RM)**	**Remarks**
Comparison method	582,000,000	Computed based on the total Net Lettable Area of 506,069 sq ft at RM1,150 psf.
Investment method	587,000,000	Computed based on gross annual income less outgoings, void allowance and multiplied by the net yield.

Based on the Valuation Report, we noted that there is a difference in value of RM5,000,000 between the two methods of valuation. R&C has adopted the value of RM582,000,000 as the market value of Office Tower A based on the comparison method as Office Tower A is yet to be occupied and hence no tenancies yet to rely on.

IPS' comments

The Initial Disposal Consideration of RM189.3 million was arrived on a willing-buyer willing-seller basis after taking into consideration the estimated realisable NA of DCT of RM189.3 million. The Initial Disposal Consideration is the amount equivalent to DCT's estimated realisable NA.

Between the two methods of valuation, namely the investment method and the comparison method, R&C decided to adopt the comparison method. The investment method was deemed less appropriate because Office Tower A is yet to be occupied and hence no tenancies yet to rely on.

The comparison method of evaluation adopted by R&C in determining the market value of Office Tower A is reasonable as the comparables used, being purpose-built office buildings in the vicinity of Klang Valley have similar characteristics as Office Tower A. The assumed market value adopted by R&C of RM1,150 psf is within the range of values psf for the comparable transactions.

The market value of Office Tower A as appraised by R&C of RM582,000,000 as at 22 June 2015 is on the basis of valuation as set out in Section 6.2.2 of this IAL, in its existing condition, free from encumbrances, will be held under freehold tenure and will be good, marketable and registrable as well as with vacant possession upon issuance of the strata title.

We noted that as at the LPD, save for Office Tower A, DCT does not own any other substantial fixed assets. Therefore, for the purpose of evaluation, we have considered the following factors:

- DCT's estimated realisable NA, after adjusting for the gain on fair value adjustment based on the estimated market value for Office Tower A; and

- the valuation methods applied by R&C and the basis of arriving at the market value of Office Tower A.

Based on our evaluation of the above factors, we are of the view that the Initial Disposal Consideration is fair and reasonable.

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6.3 Salient terms of the SSA

The Proposed Disposal is subject to the terms and conditions of the SSA. Our comments on the salient terms of the SSA which are relevant to our evaluation of the Proposed Disposal are as follows:

Salient terms of the SSA	IPS' comments
6.3.1 Conditions precedent	
(i) The completion of the SSA is subject to and conditional upon all of the following conditions precedent being fulfilled and or obtained within 12 months from the date of the SSA or within such extended period as may be agreed between HLREH and HLB in writing ("**Conditional Period**"):	These conditions precedent are ordinary terms typical to a transaction of such nature. The conditions precedent are approvals required to be obtained to give effect to the Proposed Disposal. The period of 12 months to obtain or fulfil the conditions precedent may be extended upon mutual agreement by the parties.
(a) HLREH obtaining the approval of Public Bank Berhad, the financier to DCT, for the change of shareholder of DCT;	This term is to comply with the covenants under the facilities agreement between DCT and Public Bank Berhad.
(b) HLREH obtaining the approval of the shareholders of GLM at an EGM, for HLREH's sale of the Sale Shares; and	This is to ensure that GLM complies with the Listing Requirements.
(c) HLREH obtaining the certificate of practical completion for Office Tower A.	This term is to ensure that Office Tower A shall be completed and the certificate of practical completion obtained.
(ii) HLREH and HLB may, where permitted by law, mutually agree in writing to waive any or all of the conditions precedent.	
(iii) If any of the conditions precedent shall not be fulfilled or if an outcome of the appeal for a waiver of conditions imposed on an approval satisfactory to each of HLREH and HLB is not achieved within the Conditional Period, then either HLREH or HLB may at any time thereafter terminate the SSA by giving 7 days' written notice to the other party whereupon (a) neither HLREH nor HLB shall have further claims against the other party in respect of the SSA save and except of any antecedent breaches of the SSA, and (b) HLREH shall within 14 days of receiving written notice by HLB, refund to HLB the Deposit (as defined in Section 6.3.3(i) herein) free of interest.	The termination clause is a common and reasonable term which serves to protect the interests of HLREH and HLB in the event any of the conditions precedent are not fulfilled. We are of the opinion that these terms are in line with common practice.
(iv) The SSA shall be regarded as unconditional on the Unconditional Date.	

Salient terms of the SSA	IPS' comments
6.3.2 Purchase price	
(i) The Purchase Price for the Sale Shares shall be the aggregate sum of: (a) the consideration for such number of DCT RPS which are issued and fully paid-up but not yet redeemed as at the Unconditional Date, calculated at RM1,000 only for each DCT RPS ("**RPS Purchase Price**"); and (b) the consideration for the DCT Shares, being a sum equivalent to the net asset value of DCT as at the Unconditional Date based on the Building Value (as defined below), as shown in the Audited Accounts, and after deducting the RPS Purchase Price.	We have noted that the Purchase Price will be equivalent to the realisable NA value of DCT as at the Unconditional Date based on the Building Value to be calculated as set out in the SSA.
"**Building Value**" shall mean the value of Office Tower A, which shall be calculated based on RM1,150 only per sq ft over the aggregate Net Lettable Area of Office Tower A as confirmed by a registered surveyor. For the purpose of calculating the Purchase Price, the Net Lettable Area in excess of 5% of the initial estimated Net Lettable Area of 506,069 sq ft of Office Tower A shall be ignored.	We have noted that the Purchase Price shall be determined based on the Building Value which may vary depending on the Net Lettable Area to be confirmed by a registered surveyor. The said clause is to allow the adjustment to the Building Value in the event the actual Net Lettable Area to be certified by a registered surveyor upon completion of Office Tower A varies from the estimated Net Lettable Area. The Purchase Price will be adjusted accordingly if the Net Lettable Area varies from the initial estimated Net Lettable Area of 506,069 sq ft except that a variation in excess of 5% will not be adjusted for. We noted that this is a commercial term arrived at based on negotiations between HLREH and HLB. Based on the Group's experience in property development, the actual net lettable area of a building is unlikely to vary by more than 5% of the estimated net lettable area upon completion. We had also obtained a letter of opinion from a registered architect firm, Messrs. Architects Avenue Sdn. Bhd. that based on its experience in construction of office buildings, the actual net lettable area on completion of construction would not vary by more than 5% of the estimated net lettable area. Premised on the above, we are of the view that this term is reasonable.

Salient terms of the SSA	IPS' comments
(ii) The Initial Disposal Consideration for the Sale Shares is RM189,333,000, and the Purchase Price shall be determined in accordance with the provisions of Section 6.3.2 (i) above.	We note that this term allows for HLREH to adjust the Purchase Price in accordance with the provisions of Section 6.3.2(i) of this IAL in the event that there is a variation from the initial estimated Net Lettable Area of 506,069 sq ft of Office Tower A.
(iii) Within 30 days from the Unconditional Date, HLREH shall deliver to HLB the following documents: (a) the Management Accounts; (b) the certificate of the registered surveyor stating the Net Lettable Area; and (c) upon HLB's request, accounting books and records relating to DCT.	We note that HLREH is required to deliver the necessary documents to HLB within 30 days from the Unconditional Date. This term is typical to transactions of such nature and as such is reasonable.
(iv) HLREH and HLB shall jointly appoint an independent auditor (the "**Auditor**") to audit the accounts of DCT as at the Unconditional Date. The Audited Accounts shall be final and binding on HLREH and HLB for all purposes of the SSA, save for manifest error.	This term to appoint an independent auditor to audit the accounts of the subject company is an ordinary term typical to transactions of such nature and is reasonable.
6.3.3 Payment	
(i) The Purchase Price shall be paid or caused to be paid by HLB in the following manner:	These terms are ordinary terms typical to transaction of such nature. As such, these terms are reasonable.
(a) a sum of RM5,679,990 only ("**RPGT Sum**"), being a sum equivalent to 3% of the Initial Disposal Consideration, has been paid by HLB to HLB's solicitors as stakeholders for the purpose of compliance with the Real Property Gains Tax Act 1976 ("**RPGT Act**") upon the execution of the SSA by way of cash; and (b) a sum of RM13,253,310 only ("**Balance Deposit**"), being a sum equivalent to 7% of the Initial Disposal Consideration, has been paid by HLB to HLREH upon the execution of the SSA by way of cash; and	This term is to ensure compliance with the RPGT Act.

Salient terms of the SSA	IPS' comments
(The RPGT Sum and the Balance Deposit are hereinafter collectively referred to as "**Deposit**")	The Deposit equivalent to 10% of the Initial Disposal Consideration to be paid by the purchaser upon signing of a sale and purchase agreement is a common market practice and a general commercial term.
(c) the balance of the Purchase Price, being the Purchase Price determined pursuant to the Management Accounts (but otherwise in accordance with Section 6.3.2 (i) above) less the Deposit, shall be paid or caused to be paid by HLB to HLREH within 21 days of the receipt by HLB of the Management Accounts by way of cash.	We note that the Balance Purchase Price of approximately RM170.4 million shall be paid or caused to be paid by HLB to HLREH within 21 days of the receipt by HLB of the Management Accounts by way of cash. We note that this term is an ordinary term typical to transactions of such nature. As such, the term is reasonable.
(ii) Any increase or reduction in the Purchase Price determined in a comparison between the Audited Accounts and the Management Accounts (but otherwise in accordance with Section 6.3.2 (i)) shall be paid by HLB or HLREH (as appropriate) within 14 days after the Auditor delivers the Audited Accounts to HLREH and HLB.	We note that this term provides for the adjustment to the Purchase Price being the difference between the Audited Accounts and Management Accounts, whereby the Audited Accounts is to be audited by an independent auditor jointly appointed by the vendor and purchaser.
6.3.4 Events of Default	
(i) <u>Default by HLREH</u> In the event that HLREH fails to observe or perform or is otherwise found to be in breach of any of the material provisions of the SSA for any reason whatsoever, HLB shall be entitled either (a) to terminate the SSA by way of a written notice to HLREH and HLREH shall forthwith refund to HLB all monies paid by HLB to HLREH including the Deposit and any payments towards the Purchase Price together with an amount equivalent to 10% of the Initial Disposal Consideration as agreed liquidated damages; or (b) to sue for the remedy of specific performance of the SSA against HLREH.	This term regulates the remedies for the parties in the SSA in the event of a default by the vendor. In the event of a default by the vendor (and where the vendor fails to remedy the breach), the purchaser is entitled to: - terminate the SSA and be entitled to the refund of all monies paid to the vendor, and an amount equivalent to 10% of the Initial Disposal Consideration as agreed liquidated damages; or - sue the vendor for specific performance of the SSA. We are of the opinion that this term is reasonable.

Salient terms of the SSA	IPS' comments
(ii) Default by HLB In the event that HLB fails to observe or perform or is otherwise found to be in breach of any of the material provisions of the SSA for any reason whatsoever, HLREH shall be entitled either (a) to terminate the SSA by way of a written notice to HLB and to forfeit 10% of the Initial Disposal Consideration as agreed liquidated damages; or (b) to sue for the remedy of specific performance of the SSA against HLB.	This term regulates the remedies for the parties in the SSA in the event of a default by the purchaser. In the event of a default by the purchaser (and where the purchaser fails to remedy the breach), the vendor is entitled to: - terminate the SSA and forfeit the Deposit as agreed liquidated damages; or - sue the purchaser for specific performance of the SSA. We are of the opinion that this term is reasonable.
(iii) No event of default under Sections 6.3.4 (i) and 6.3.4 (ii) will occur if the failure to comply or breach is capable of remedy and is remedied within 14 days of either HLREH or HLB, as the case may be, giving notice to HLB or HLREH, as the case may be, of the failure to comply or breach.	This term determines that there shall be no event of default if any breach is remedied by a party within 14 days of notice given by the other party.
6.3.5 Indemnity	
HLREH agrees to indemnify and will keep HLB fully indemnified against any and all claims, losses, damages, costs, expenses and deficiencies (including legal fees) suffered, incurred or sustained by HLB in consequence of or in relation to any breach of HLREH's warranties and representations set out in the SSA provided always: (i) HLREH shall not be liable to indemnify HLB for any claims made or brought by HLB against HLREH more than 1 year after the Completion Date; (ii) such claim must set out in sufficient details the breach alleged and the amount claimed; and (iii) no such claim(s) shall be made unless the amount which arises from or is attributable to a single breach exceeds RM250,000, and the total liability of HLREH for breach of undertakings and warranties shall not exceed 10% of the Initial Disposal Consideration.	These terms are to protect the interest of HLB as a purchaser of DCT in the event there are any breaches in HLREH's warranties and representations as set out in the SSA. However, the claims must be made by HLB against HLREH within one year after the Completion Date and the claims can only be made if the amount exceeds RM250,000 per single breach and the total claim is capped at 10% of the Initial Disposal Consideration. This term is favourable to HLREH as this limits HLREH's liability from claims with amounts below RM250,000 and aggregate of all claims (if any) up to 10% of the Initial Disposal Consideration.

Salient terms of the SSA	IPS' comments
6.3.6 Defects Liability Period (i) As at the date of issuance of the certificate of completion and compliance: (a) Office Tower A is in good and substantial repair and fit for the purposes for which it is intended to be used; and (b) there shall be no evidence of any structural or other defect in Office Tower A which is likely to involve other than routine maintenance in the foreseeable future. (ii) Any defect, shrinkage or other faults in Office Tower A which shall become apparent within a period of 12 calendar months after the Completion Date and which are due to defective workmanship or material or Office Tower A not having been constructed in accordance with the plans and description as approved or amended by the relevant authorities or as stated in the SSA (save and except for any alterations to Office Tower A during the aforesaid period of 12 calendar months made or cause to be made by HLB and/or DCT without HLREH's consent in writing thereto) shall be repaired and made good by HLREH at its own cost and expenses within 45 days of it having received written notice thereof from HLB and/or DCT, failing which HLB and/or DCT may proceed to repair and make good the said defect, shrinkage or other faults and shall be entitled to recover from HLREH the costs of repairing and making good the same (which shall have been notified to HLREH prior thereto). (iii) The rights of HLB under Section 6.3.6 are separate and independent of the rights of HLB under any other clause of the SSA.	These terms are typical to transactions of such nature where the vendor of a building is required to provide the purchaser the assurance that the said building is fit for occupancy and has no apparent structural defects and to provide an avenue to require the vendor to repair defects, if any, within a reasonable time frame from the Completion Date. We are of the opinion that these terms are reasonable.

Arising from our evaluation of the salient terms of the SSA, we are of the view that the said terms are reasonable and are not detrimental to the interest of the Non-Interested Shareholders.

6.4 Effects of the Proposed Disposal

In evaluating the Proposed Disposal, we have taken note of the effects of the Proposed Disposal as set out in Section 5 of Part A of this Circular.

6.4.1 Issued and paid-up share capital and substantial shareholders' shareholdings

The Proposed Disposal will not have any effect on the issued and paid-up share capital and the shareholdings of the substantial shareholders of the Company as the Proposed Disposal does not involve any issuance of new GLM Shares.

6.4.2 NA and gearing

Based on the latest audited consolidated financial statements of the Company for the FYE 30 June 2015 and assuming that the Proposed Disposal had been effected on 30 June 2015, the proforma effects of the Proposed Disposal on the consolidated NA and gearing of the Company are set out below:

	Audited as at 30 June 2015 (RM '000)	**After the Proposed Disposal (RM '000)**
Share capital	350,229	350,229
Share premium	35,089	35,089
Exchange reserve	3	3
Fair value reserve	434	434
Merger reserve	(24,028)	(24,028)
Capital redemption reserve	17	17
Shares held by executive share scheme trust	(23,883)	(23,883)
Retained profits	784,787	(1) 922,070
NA attributable to owners of the parent	**1,122,648**	**1,259,931**
Number of GLM Shares in issue ('000)	700,459	700,459
NA per share (RM)	1.60	1.80
Total borrowings (RM '000)	1,208,763	(2) 1,032,563
Gearing (times)	1.08	0.82

Notes:

(1) After taking into consideration the estimated net gain on disposal of approximately RM137.3 million based on the original cost of investment in DCT and after deducting estimated tax and expenses of approximately RM13.1 million in relation to the Proposed Disposal.

(2) Assuming repayment of bank borrowings of RM176.2 million as disclosed in Section 2.5 of Part A of this Circular.

We noted that the Proposed Disposal is expected to increase the NA per share of the Group from RM1.60 to RM1.80 due to the estimated net gain on disposal of approximately RM137.3 million.

The gearing of the Group is expected to decrease from 1.08 times to 0.82 times as a result of the repayment of bank borrowings from the proceeds of the Proposed Disposal and the increase of NA of the Group due to the net gain arising from the Proposed Disposal.

6.4.3 Earnings and EPS

We noted that the Group is expected to realise a net gain on disposal of approximately RM137.3 million based on the Initial Disposal Consideration, original cost of investment in DCT, and after deducting estimated tax and expenses of approximately RM13.1 million in relation to the Proposed Disposal. As the Proposed Disposal is expected to be completed in the first quarter of 2016, the net gain will be recognised in the FYE 30 June 2016. The net gain attributable to owners of the Company represents an increase in EPS of approximately RM0.20.

DCT will cease to contribute to the Group after the completion of the Proposed Disposal. However, there will be potential interest savings of approximately RM7.9 million per annum (calculated based on the weighted average cost of borrowings as at the LPD of approximately 4.5% per annum) when the proceeds from the Proposed Disposal is utilised for the repayment of bank borrowings as stated in Section 2.5 of Part A of this Circular.

Based on the above, we are of the view that the financial effects of the Proposed Disposal are not detrimental to the Non-Interested Shareholders.

6.5 Market overview and industry outlook

6.5.1 Overview of the Malaysian economy

The Malaysian economy recorded a growth of 4.9% in the second quarter of 2015 (1Q 2015: 5.6%), driven mainly by private sector demand. On the supply side, growth was underpinned by the major economic sectors. On a quarter-on-quarter seasonally-adjusted basis, the economy grew by 1.1% (1Q 2015: 1.2%).

The private sector remained the key driver of growth during the quarter. Private consumption expanded at a more moderate rate of 6.4% (1Q 2015: 8.8%) as households adjust to the implementation of the Goods and Services Tax ("**GST**"). Private investment grew more moderately by 3.9% (1Q 2015: 11.7%), due to a decline in spending on machinery and equipment, especially in the transportation segment, and slower investment in dwelling services. Growth in public investment turned negative in the second quarter (-8.0%; 1Q 2015: 0.5%), attributed mainly to the near completion of a few projects by public enterprises, which more than offset the positive growth of capital expenditure by the Federal Government. Meanwhile, public consumption recorded a higher growth of 6.8%; (1Q 2015: 4.1%) following the stronger expansion in supplies and services expenditure amid sustained growth in emoluments.

On the supply side, the major economic sectors registered more moderate growth during the quarter. The lower growth in the services sector was the outcome of a slower expansion in most sub-sectors while the moderation in manufacturing sector was due to the more modest performance in export oriented industries. Growth in the mining sector was affected mainly by the lower production of natural gas. The construction sector also recorded lower growth due to a moderation in real activity in the residential, non-residential and civil engineering sub-sectors. The agriculture sector turned around to record positive growth amid higher production of palm oil.

Inflation, as measured by the annual change in the Consumer Price Index ("**CPI**"), increased to 2.2% in the second quarter of 2015 (1Q 2015: 0.7%) reflecting mainly the impact of the implementation of the GST on 1 April. The price increases were broad-based, with all twelve categories of the CPI basket registering higher inflation in the second quarter compared to the first quarter. Meanwhile, prices in the transport category declined at a lower rate of 3.6% in the second quarter (1Q 2015: -7.6%), reflecting the upward adjustment of domestic fuel prices.

The trade surplus amounted to RM20.4 billion in the second quarter of 2015 (1Q 2015: RM21.3 billion). Gross exports declined by 3.7% (1Q 2015: -2.5%), due mainly to the contraction in the exports of commodities and resource based manufactured products. Similarly, gross imports recorded a contraction of 5.2% during the quarter (1Q 2015: +0.2%), weighed down by weaker performance of all import categories, except for consumption imports.

The international reserves of BNM amounted to RM389.1 billion (equivalent to USD105.5 billion) as at 30 June 2015. This reserves level has taken into account the quarterly adjustment for foreign exchange revaluation changes. As at 31 July 2015, the reserves position amounted to RM364.7 billion (equivalent to USD96.7 billion). It is sufficient to finance 7.6 months of retained imports, significantly higher than the 3-month international threshold. The reserve to short-term external debt coverage of 1.1 times is adequate for a country with a relatively high degree of financial openness.

The Malaysian economy is expected to remain on a steady growth path, with domestic demand continuing to be the key driver of growth. Private consumption is expected to continue to adjust to the introduction of the GST, although wage growth and stable labour market conditions would provide support to household spending. Investment activity will be supported by capital spending in the manufacturing and services sectors, as well as for infrastructure projects. These developments will contribute towards offsetting the weaker performance of the external sector.

(Source: Economic and Financial Developments in the Malaysian Economy in the Second Quarter of 2015, Bank Negara Malaysia)

6.5.2 Overview of the property sector

The Malaysian economic growth was at 6.0% in 2014, higher than 4.7% registered in 2013. The positive growth in the economy supported the slight increase in the property sector, which grew at a marginal of 0.8% in market volume and 13.5% in market value. The cooling measures which resulted in the moderation of market activity in last two years have seen market corrections, which ensued the slight pick-up in market activity in 2014. Measures such as the imposition of higher real property gains tax to curb speculative activities and spiralling property prices have also shown positive signs, evident from the moderating increase in the Malaysian House Price Index over the last three years. The 11.6% (2013: 10.9%) expansion in the construction sector in the review period was in tandem with the uptrend in the construction activities across the sub-sectors. On the same note, loans approved for the sector charted a marginal 0.3% growth (2013: -10.5%) whilst the loans disbursed continued to grow by 12.7% (2013: 14.8%). The Consumer Sentiments Index ("**CSI**") stood at 83.0 points in Q4 2014, the lowest in the four quarters (2013: 104.3 points), as cautionary sentiments continued to linger on household finances as well as a growing concern on employment and financial outlook. Malaysian Institute of Economic Research's ("**MIER**") Business Condition Index ("**BCI**") thwarted to 86.4 points in Q4 2014, due to the depreciation of Ringgit and the falling oil prices. These low note MIER's indicators have in part influenced the level of confidence in the commercial property sub-sector as volume grew by a marginal 3.6% whereas value dropped by 10.5%.

(Source: Malaysian Property Market 2014, Valuation & Property Services Department, Ministry of Finance)

The strong economic growth of 6.4% registered in Q2 2014 paved a promising path for the country's property market. The low interest rate regime with the average base lending rate ("**BLR**") of commercial banks prevailed at 6.53% and the weighted average lending rate stabilised at 5.37% till end-June 2014 remained supportive of property market activity. In the first half of 2014 (H1 2014), the property sector grew at 3.3% in market volume and 19.1% in market value. The marginal growth was a turnaround for the property market after registering contractions in similar halves of 2012 and 2013. The BNM's property cooling-off strategy i.e. implementation of a maximum loan-to-value ("**LTV**") ratio of 70.0% on the third house financing facility effective from November 2010 had seen its toll on the property market over the last two years. Market readjustments has ensued the pick-up in market activity in H1 2014.

(Source: Property Market Report First Half 2014, Valuation & Property Services Department, Ministry of Finance)

The office market also moved along the positive trend as indicated by the increase in the overall occupancy from 82.7% to 84.9%, sustaining a positive take-up of 811,116 square metre ("**s.m.**") (2013: 436,840 s.m.). All states but Sabah and Kedah recorded positive take-up. The highest take-up was recorded in Wilayah Persekutuan ("**W.P.**") Kuala Lumpur at 660,445 s.m. In term of performance, 14 states secured more than 80.0% occupancy, of which one was fully occupied and seven obtained more than 90.0% occupancy. W.P. Kuala Lumpur (83.2%), Selangor (76.8%), Johor (76.8%) and Pulau Pinang (81.9%) witnessed better performance against 2013. On the supply side, 23 office buildings were completed in the review period offering a total space of 423,469 s.m. This denoted an increase in completed space of more than two-fold as compared to 141,685 s.m. in 2013. Contrastingly, starts softened from 290,553 s.m. in 2013 to 152,771 s.m. in 2014. New planned supply recorded an uptrend from 86,741 s.m. in 2013 to 265,574 s.m. in 2014. As at end-2014, there were 19.55 million s.m. of existing office space from 2,408 buildings. There were another 80 buildings (1.71 million s.m.) in the incoming supply and 24 buildings (0.54 million s.m.) in the planned supply. W.P. Kuala Lumpur dominated all the three supply categories.

(Source: Malaysian Property Market 2014, Valuation & Property Services Department, Ministry of Finance)

The overall prospects of the Malaysian economy are expected to remain positive, supported by domestic consumption as well as private sector spending even after the implementation of GST. The Malaysian office market showed positive signs indicated by an increase in the overall occupancy rate, especially in the W.P. Kuala Lumpur area. Despite a two-fold increase in supply of completed office space in 2014, demand for the office market remained strong as the overall occupancy rate climbed from 82.7% in 2013 to 84.9% in 2014.

Premised on the above, we are of the view that it is reasonable for GLM to realise its investment in view of the outlook of the Malaysian economy and domestic commercial property sector.

6.6 Risk factor relating to the Proposed Disposal

The risk factor in relation to the Proposed Disposal is the delay or non-completion of the Proposed Disposal.

The Proposed Disposal is conditional upon all the conditions precedent as set out in the SSA being obtained/fulfilled or waived. There is no assurance that the Proposed Disposal can be completed within the timeframe stipulated under the SSA. Any delay in the fulfilment of the conditions precedent may lead to a delay in the completion or termination of the Proposed Disposal.

We note that HLREH will take reasonable steps to ensure that the conditions precedent as set out in the SSA that are within HLREH's control are met on a timely basis in order for the Proposed Disposal to be completed within a reasonable timeframe.

We wish to highlight to the Non-Interested Shareholders that although measures could be taken by HLREH in an attempt to limit the risk associated with the Proposed Disposal, no assurance can be given that the risk factor as stated above will not occur and adversely affect the Proposed Disposal.

7. CONCLUSION AND RECOMMENDATION

The Non-Interested Shareholders should take into account all the merits and demerits of the Proposed Disposal based on all relevant pertinent factors including those which are as set out in Part A of this Circular, the relevant appendices thereof, this IAL and other publicly available information.

In our evaluation of the Proposed Disposal and in arriving at our opinion, we have taken into consideration various factors which are summarised as follows:

(i) the rationale of the Proposed Disposal is reasonable and not detrimental to the Non-Interested Shareholders;

(ii) the basis of arriving at the Initial Disposal Consideration is fair and reasonable;

(iii) the salient terms of the SSA are reasonable and not detrimental to the Non-Interested Shareholders;

(iv) the effects of the Proposed Disposal on the Group; and

(v) the risk associated with the Proposed Disposal.

After having considered all the various factors included in our evaluation for the Proposed Disposal and based on the information made available to us, we are of the opinion that the Proposed Disposal is FAIR AND REASONABLE insofar as the Non-Interested Shareholders are concerned and it is not to the detriment of the Non-Interested Shareholders.

Accordingly, we recommend the Non-Interested Shareholders to **VOTE IN FAVOUR** of the resolution pertaining to the Proposed Disposal that is to be tabled at the Company's EGM.

Yours faithfully,
For and on behalf of
INTER-PACIFIC SECURITIES SDN.BHD.

TAN KOK TIAM
Head
Corporate Finance

YAP SIEW THEE
Assistant General Manager
Corporate Finance

INFORMATION ON DCT

1. HISTORY AND BUSINESS

DCT was incorporated in Malaysia under the Act on 28 December 2011 under the name of Tegas Jejaka Sdn Bhd as a private limited company and assumed its present name on 11 October 2012.

DCT is principally a property investment company, holding the development and ownership rights of Office Tower A which is located within the on-going integrated development project known as Damansara City Kuala Lumpur.

2. SHARE CAPITAL

The authorised share capital and the issued and paid-up share capital of DCT as at the LPD are as follows:

	No. of shares	Par value (RM)	Total (RM)
Authorised			
Ordinary shares	4,950,000	1.00	4,950,000
Redeemable preference shares	50,000	1.00	50,000
Issued and paid-up			
Ordinary shares	2,500,002	1.00	2,500,002
Redeemable preference shares(1)	36,450	1.00	36,450

Note:

(1) The DCT RPS were issued at an issue price of RM1,000 each, being RM1.00 at par with a premium of RM999 each. The DCT RPS (or any part thereof) shall be redeemed at any time at the election of DCT by giving 7 days' notice in writing to the holders of DCT RPS. In the event of redemption, each DCT RPS shall be redeemed at its issue price of RM1,000 each. The DCT RPS are not convertible into DCT Shares.

3. DIRECTORS

The details of the directors of DCT and their respective direct and indirect shareholdings in DCT as at the LPD are as follows:

			Direct		Indirect	
Director	Designation	Nationality	No. of DCT Shares	%	No. of DCT Shares	%
Tan Lee Koon	Director	Malaysian	-	-	-	-
Tang Hong Cheong	Director	Malaysian	-	-	-	-
Wendy Kho Poh Choo	Director	Malaysian	-	-	-	-

4. SUBSTANTIAL SHAREHOLDERS

As at the LPD, DCT is a wholly owned subsidiary of HLREH which in turn is a wholly owned subsidiary of our Company.

5. SUBSIDIARY AND ASSOCIATED COMPANY

As at the LPD, DCT does not have any subsidiary or associated company.

6. FINANCIAL INFORMATION

A summary of the audited financial statements of DCT for the FYEs 30 June 2013 to 2015 are set out below:

	Audited FYE 30 June		
	2013 (RM '000)	**2014 (RM '000)**	**2015 (RM '000)**
Revenue	-[1]	-[1]	-[1]
PBT	670	65,529	100,577
PAT	670	62,240	95,375
Share capital	2,536	2,536	2,536
Shareholder's funds/ NA	39,608	101,848	136,807
Total borrowings	58,107	83,450	254,865
Gross EPS (RM)	0.27	26.21	40.23
Net EPS (RM)	0.27	24.90	38.15
NA per DCT Share (RM)[2]	1.26	26.16	40.14
Current ratio (times)	-*	-*	0.03
Gearing ratio (times)	1.47	0.82	1.86

Notes:

* *Negligible amount.*

(1) *DCT did not record any revenue as its only investment property, Office Tower A, is still under construction as at the LPD.*

(2) *The assets attributable to the holder of DCT RPS are excluded from the calculation of NA per DCT Share as the holder of DCT RPS has the preferential rights on capital repayments over the ordinary shareholder.*

There was no audit qualification on the audited financial statements of DCT for the FYEs 30 June 2013 to 2015. DCT has not adopted any accounting policies which are peculiar to its operations for the FYEs 30 June 2013 to 2015.

Commentary

FYE 30 June 2013

For the FYE 30 June 2013, DCT recorded higher PBT of RM0.67 million, which represented an increase of RM0.68 million or more than 100% from a loss before tax of RM0.01 million for the FYE 30 June 2012. The increase in PBT was mainly due to the recognition of gain amounting to RM0.66 million arising from the fair value changes of derivative financial asset. The fair value changes are attributable to changes in the Kuala Lumpur Interbank Offered Rate.

FYE 30 June 2014

For the FYE 30 June 2014, DCT recorded higher PBT of RM65.53 million, which represented an increase of RM64.86 million or more than 100% from RM0.67 million for the FYE 30 June 2013. The increase in PBT was mainly due to the gain on fair value adjustments of RM65.77 million based on valuation carried out on Office Tower A by an accredited independent valuer.

FYE 30 June 2015

For the FYE 30 June 2015, DCT recorded a PBT of RM100.58 million, which represented an increase of RM35.03 million or approximately 53.49% from a PBT of RM65.53.million for the FYE 30 June 2014. The increase in PBT was mainly due to the gain on fair value adjustments of RM104.00 million based on valuation carried out on Office Tower A by an accredited independent valuer.

7. MATERIAL COMMITMENTS AND CONTINGENT LIABILITIES

Save as disclosed below, as at 30 June 2015 (being the date of DCT's latest available audited financial statements), our Board is not aware of any other material commitments incurred or known to be incurred by DCT or any contingent liabilities which may, upon becoming enforceable, have a material impact on the profits or NA of DCT.

Material commitments	RM '000
Capital expenditure approved and contracted for:	
• Investment property under construction	83,393
	83,393

8. MATERIAL CONTRACTS

DCT has not entered into any material contracts (not being contracts entered into in the ordinary course of business) within the 2 years immediately preceding the date of this Circular.

9. MATERIAL LITIGATION, CLAIMS AND ARBITRATION

As at the LPD, DCT is not engaged in any material litigation, claims or arbitration, either as plaintiff or defendant, and our Board is not aware of any proceedings pending or threatened against DCT or of any facts likely to give rise to any proceeding which might materially and adversely affect the business and financial position of DCT.

10. AUDITED FINANCIAL STATEMENTS

The audited financial statements (together with the notes to the financial statements) of DCT for the FYE 30 June 2015 and the auditor's report thereon are set out on the ensuing pages.

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DC TOWER SDN. BHD.
(973020-V)
(Incorporated in Malaysia)

Directors' Report and Audited Financial Statements
30 June 2015

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DC TOWER SDN BHD
(Incorporated in Malaysia)

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DC TOWER SDN BHD
(Incorporated in Malaysia)

DIRECTORS' REPORT

The directors have pleasure in presenting their report together with the audited financial statements of the Company for the financial year ended 30 June 2015.

PRINCIPAL ACTIVITY

The principal activity of the Company is property investment.

There has been no significant change in the nature of the principal activity during the financial year.

RESULTS

	RM
Profit net of tax	95,375,072

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

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

DIVIDENDS

The dividends paid by the Company since 30 June 2014 were as follows:

	RM
On 22 August 2014, the directors declared and paid interim single-tier dividends of:	
2,300% for each ordinary share of RM1 each	57,500,046
8,000% for each preference share of RM1 each	2,916,000
	60,416,046

The directors do not recommend the payment of any final dividend in respect of the current financial year.

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DC TOWER SDN BHD
(Incorporated in Malaysia)

DIRECTORS

The names of the directors of the Company in office since the date of last report and at the date of this report are:

Mr Tan Lee Koon
Mr Tang Hong Cheong
Ms Wendy Kho Poh Choo (Appointed on 1.8.2015)
Mr Soon Yeong Chyan (Resigned on 1.8.2015)

DIRECTORS' INTERESTS

According to the register of directors' shareholdings, the interests of a director in office at the end of the financial year in the ordinary shares and share options in related corporations of the Company during the financial year were as follows:

		Number of ordinary shares or *shares to be issued arising from the exercise of options			
	Nominal value per share	**As at 1.7.2014**	**Acquired/ Granted**	**Sold/ Exercised**	**As at 30.6.2015**
Direct interests of Mr Tang Hong Cheong in:					
Hong Leong Financial Group Berhad	RM1.00	256,100	-	(64,300)	191,800
	-	100,000 *	-	-	100,000 *
Hong Leong Industries Berhad ("HLI")	RM0.50	419,900	225,000	-	644,900
GuocoLeisure Limited	USD0.20	-	195,000 <	-	195,000
	-	300,000 *	200,000 *	(195,000) *<	305,000 *
GuocoLand Limited	#	-	65,000 <	-	65,000
	-	100,000 *	-	(65,000) *<	35,000 *
Malaysian Pacific Industries Berhad	-	200,000 *	-	-	200,000 *
GuocoLand (Malaysia) Berhad	-	300,000 *	-	-	300,000 *
Hume Industries Berhad	RM1.00	-	40,000 696,492 ~	-	736,492
(formerly known as Narra Industries Berhad) ("HIB")	-	-	200,000 *	-	200,000 *
The Rank Group Plc	-	-	200,000 *	-	200,000 *
Southern Steel Berhad	-	-	200,000 *	-	200,000 *

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DC TOWER SDN BHD
(Incorporated in Malaysia)

DIRECTORS' INTERESTS (cont'd)

	Nominal value per share	Number of ordinary shares or *shares to be issued arising from the exercise of options			
		As at 1.7.2014	Acquired/ Granted	Sold/ Exercised	As at 30.6.2015
Indirect interests of Mr Tang Hong Cheong in:					
HLI	RM0.50	6,000 ^	15,000 ^	-	21,000 ^
HIB	RM1.00	-	22,680 ~^	-	22,680 ^

Legend:

- < Exercise of share options.
- ~ Entitlement to new ordinary shares of RM1.00 each in HIB ("HIB Shares") pursuant to the capital distribution by HLI to entitled shareholders of HLI on the basis of 1,080 new HIB Shares for every 1,000 ordinary shares held in HLI
- ^ Interest pursuant to Section 134(12)(c) of the Companies Act, 1965 in shares held by family member.
- # Concept of par value was abolished with effect from 30 January 2006 pursuant to the Singapore Companies (Amendment) Act, 2005.

None of the other directors in office at the end of the financial year, had any interests in the ordinary shares and share options in the Company or its related corporations during the financial year.

DIRECTORS' BENEFITS

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Company was a party, whereby the directors might acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Since the end of the previous financial year, no director has received or become entitled to receive a benefit by reason of a contract made by the Company or a related corporation with any director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.

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DC TOWER SDN BHD
(Incorporated in Malaysia)

OTHER STATUTORY INFORMATION

(a) Before the statement of comprehensive income and statement of financial position of the Company were made out, the directors took reasonable steps:

(i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that there were no known bad debts and that no allowance for doubtful debts was necessary; and

(ii) to ensure that any current assets which were unlikely to realise their values as shown in the accounting records in the ordinary course of business have been written down to an amount which they might be expected so to realise.

(b) At the date of this report, the directors are not aware of any circumstances which would render:

(i) it necessary to write off any bad debts or to make any allowance for doubtful debts in respect of the financial statements of the Company; and

(ii) the values attributed to current assets in the financial statements of the Company misleading.

(c) At the date of this report, the directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Company misleading or inappropriate.

(d) At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Company which would render any amount stated in the financial statements misleading.

(e) As at the date of this report, there does not exist:

(i) any charge on the assets of the Company which arisen since the end of the financial year which secures the liabilities of any other person; or

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

(f) In the opinion of the directors:

(i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Company to meet its obligations when they fall due; and

(ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Company for the financial year in which this report is made.

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DC TOWER SDN BHD
(Incorporated in Malaysia)

AUDITORS

The auditors, Ernst & Young, have expressed their willingness to continue in office.

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

Tan Lee Koon
28 August 2015

Wendy Kho Poh Choo

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DC TOWER SDN BHD
(Incorporated in Malaysia)

STATEMENT BY DIRECTORS
PURSUANT TO SECTION 169(15) OF THE COMPANIES ACT, 1965

We, Tan Lee Koon and Wendy Kho Poh Choo, being two of the directors of DC Tower Sdn Bhd, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 9 to 40 give a true and fair view of the financial position of the Company as at 30 June 2015 and of its financial performance and cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act,1965 in Malaysia.

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

Tan Lee Koon

Wendy Kho Poh Choo

Kuala Lumpur
28 August 2015

Statutory declaration
Pursuant to Section 169(16) of the Companies Act, 1965

I, Tan Lee Koon, being the director primarily responsible for the financial management of DC Tower Sdn Bhd, do solemnly and sincerely declare that the accompanying financial statements set out on pages 9 to 40 are, to the best of my knowledge and belief, correct, and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the abovenamed Tan Lee Koon at Kuala Lumpur in the Federal Territory on 28th August 2015

Tan Lee Koon

Before me,

PESURUHJAYA SUMPAH
No: W 594
P. VALLIAMAH
MALAYSIA

No. 4-13, 4th Floor, Wisma Konwa
No. 40 & 42, Jalan Tun Perak
(Lebuh Ampang)
50050 Kuala Lumpur

EY
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Independent auditors' report to the member of
DC TOWER SDN BHD
(Incorporated in Malaysia)

Report on the financial statements

We have audited the financial statements of DC Tower Sdn Bhd, which comprise the statement of financial position as at 30 June 2015, and statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 9 to 40.

Directors' responsibility for the financial statements

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

Auditors' responsibility

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

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

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

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Independent auditors' report to the member of DC TOWER SDN BHD (cont'd) (Incorporated in Malaysia)

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at 30 June 2015 and of its financial performance and cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

Report on other legal and regulatory requirements

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report that in our opinion, the accounting and other records and the registers required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

Other matters

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

Ernst & Young
AF: 0039
Chartered Accountants

Kua Choo Kai
No. 2030/03/16(J)
Chartered Accountant

Kuala Lumpur, Malaysia
28 August 2015

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DC TOWER SDN BHD
(Incorporated in Malaysia)

STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

	Note	2015 RM	2014 RM
Other income		104,010,141	66,252,523
Administrative expenses		(858,486)	(723,875)
Finance costs	4	(2,574,521)	-
Profit before tax	5	100,577,134	65,528,648
Income tax expense	6	(5,202,062)	(3,288,471)
Profit net of tax, representing total comprehensive income for the year		95,375,072	62,240,177

The accompanying accounting policies and explanatory information form an integral part of the financial statements.

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DC TOWER SDN BHD
(Incorporated in Malaysia)

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2015

	Note	2015 RM	2014 RM
NON-CURRENT ASSETS			
Investment property under construction	8	418,000,000	196,600,000
Derivative financial asset	9	433,650	1,070,239
		418,433,650	197,670,239
CURRENT ASSETS			
Other receivables	10	575,327	-
Tax recoverable		2,056	-
Cash and bank balances	11	84,187	7,354
		661,570	7,354
TOTAL ASSETS		419,095,220	197,677,593
EQUITY AND LIABILITIES			
Equity attributable to owner of the Company			
Share capital	12	2,500,002	2,500,002
Redeemable preference shares	12	36,450	36,450
Share premium	12	36,413,550	36,413,550
Retained earnings	13	97,857,091	62,898,065
TOTAL EQUITY		136,807,093	101,848,067
NON-CURRENT LIABILITIES			
Borrowing	14	254,864,957	83,450,141
Deferred tax liability	15	8,488,589	3,288,471
		263,353,546	86,738,612
CURRENT LIABILITIES			
Other payables	16	11,612,290	4,144,188
Amount due to immediate holding company	17	-	2,320,331
Amount due to intermediate holding company	17	-	28,782
Amounts due to related companies	17	7,322,291	2,597,613
		18,934,581	9,090,914
TOTAL LIABILITIES		282,288,127	95,829,526
TOTAL EQUITY AND LIABILITIES		419,095,220	197,677,593

The accompanying accounting policies and explanatory information form an integral part of the financial statements.

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DC TOWER SDN BHD
(Incorporated in Malaysia)

STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

	Share capital (Note 12) RM	Redeemable preference shares (Note 12) RM	Non-distributable share premium (Note 12) RM	Distributable retained earnings (Note 13) RM	Total RM
At 1 July 2014	2,500,002	36,450	36,413,550	657,888	39,607,890
Total comprehensive income for the year	-	-	-	62,240,177	62,240,177
At 30 June 2014	2,500,002	36,450	36,413,550	62,898,065	101,848,067
Total comprehensive income for the year	-	-	-	95,375,072	95,375,072
Transaction with owner					
Dividends paid (Note 7)	-	-	-	(60,416,046)	(60,416,046)
At 30 June 2015	2,500,002	36,450	36,413,550	97,857,091	136,807,093

The accompanying accounting policies and explanatory information form an integral part of the financial statements.

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DC TOWER SDN BHD
(Incorporated in Malaysia)

STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

	2015 RM	2014 RM
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	100,577,134	65,528,648
Adjustments for:		
Fair value loss on retention sum	-	(72,393)
Fair value loss/(gain) on derivative financial asset	636,589	(410,712)
Fair value gain on investment property under construction	(104,002,364)	(65,769,418)
Finance costs	2,574,521	-
Operating loss before working capital changes	(214,120)	(723,875)
Working capital changes:		
Other receivables	(575,327)	-
Other payables	(4,138,188)	(959,224)
Inter-company balances	2,375,565	2,078,186
Cash (used in)/generated from operations	(2,552,070)	395,087
Interest paid	(2,574,521)	-
Tax paid	(4,000)	-
Net cash (used in)/generated from operating activities	(5,130,591)	395,087
CASH FLOWS FROM INVESTING ACTIVITY		
Additions in investment property under construction, representing net cash used in investing activity (Note a)	(105,791,346)	(25,733,331)
CASH FLOWS FROM FINANCING ACTIVITIES		
Drawdown of bank borrowing	171,414,816	25,343,167
Dividends paid	(60,416,046)	-
Net cash generated from financing activities	110,998,770	25,343,167
NET INCREASE IN CASH AND BANK BALANCES	76,833	4,923
CASH AND BANK BALANCES AT BEGINNING OF FINANCIAL YEAR	7,354	2,431
CASH AND BANK BALANCES AT END OF FINANCIAL YEAR	84,187	7,354

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DC TOWER SDN BHD
(Incorporated in Malaysia)

STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015 (cont'd)

Note a:
Additions in investment property under construction during the financial year were by way of:

	2015 RM	2014 RM
Cash	105,791,346	25,733,331
Amount due to contractors and consultants	11,606,290	4,216,128
Total additions (Note 8)	117,397,636	29,949,459

The accompanying accounting policies and explanatory information form an integral part of the financial statements.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

1. CORPORATE INFORMATION

The Company is a private limited liability company, incorporated and domiciled in Malaysia. The registered office is located at Level 10, Wisma Hong Leong, 18 Jalan Perak, 50450 Kuala Lumpur. The principal place of business of the Company is located at Level 19, Block B, HP Towers, 12 Jalan Gelenggang, Bukit Damansara, 50490 Kuala Lumpur.

The immediate and ultimate holding companies are Hong Leong Real Estate Holdings Sdn Bhd and Hong Leong Company (Malaysia) Berhad respectively, both incorporated in Malaysia.

Intermediate holding company in these financial statements refers to GuocoLand (Malaysia) Berhad, incorporated in Malaysia.

Related companies in these financial statements refer to the member companies in the Hong Leong Company (Malaysia) Berhad Group.

The principal activity of the Company is property investment. There has been no significant changes in the nature of the principal activity during the financial year.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 28 August 2015.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The financial statements of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standard as issued by International Accounting Standards Board ("IASB") and the requirements of the Companies Act, 1965 in Malaysia.

The financial statements of the Company have been prepared on a historical cost basis, unless otherwise indicated in the summary of significant accounting policies below.

The financial statements of the Company are presented in Ringgit Malaysia ("RM"), which is also its functional currency.

As at 30 June 2015, the Company is in net current liabilities position of RM18,273,011. Nevertheless, the financial statements of the Company has been prepared on a going concern basis as the Company has available borrowing facilities which enable the Company to drawdown additional funding to settle its obligations as and when they fall due.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.2 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except as follows:

On 1 July 2014, the Company adopted the following new and amended MFRSs and IC Interpretations mandatory for annual periods beginning on or after 1 January 2014:

Description	Effective for annual periods beginning on or after
Amendments to MFRS 132 : Offsetting Financial Assets and Financial Liabilities	1 January 2014
Amendments to MFRS 10, MFRS 12 and MFRS 127 : Investment Entities	1 January 2014
Amendments to MFRS 136 : Recoverable Amount Disclosures for Non-Financial Assets	1 January 2014
Amendments to MFRS 139 : Novation of Derivatives and Continuation of Hedge Accounting	1 January 2014
IC Interpretation 21 Levies	1 January 2014
Amendments to MFRS 119 : Defined Benefit Plans: Employee Contributions	1 July 2014
Annual Improvements to MFRSs 2010–2012 Cycle	1 July 2014
Annual Improvements to MFRSs 2011–2013 Cycle	1 July 2014

Adoption of the above standards and interpretations did not have any material effect on the financial performance or position of the Company.

2.3 Standards and interpretations issued but not yet effective

As at the date of authorisation of these financial statements, the Company have not adopted the following amendments to MFRSs and IC Interpretations that have been issued but not yet effective:

Description	Effective for annual periods beginning on or after
Amendment to MFRS 5: Non-current Assets Held for Sale and Discountinued Operations (Annual Improvements to MFRSs 2012-2014 Cycle)	1 January 2016
Amendment to MFRS 7: Financial Instruments: Disclosures (Annual Improvements to MFRSs 2012-2014 Cycle)	1 January 2016

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.3 Standards and interpretations issued but not yet effective (cont'd)

Description	Effective for annual periods beginning on or after
Amendments to MFRS 119: Defined Benefit Plans: Employee Contributions (Annual Improvements to MFRSs 2012-2014 Cycle)	1 January 2016
Amendments to MFRS 134 Interim Financial Reporting (Annual Improvements to FRSs 2012-2014 Cycle)	1 January 2016
Amendments to MFRS 11 : Accounting for Acquisitions of Interest in Joint Operations	1 January 2016
Amendment to MFRS 127: Equity Method in Separate Financial Statement	1 January 2016
Amendment to MFRS 101: Disclosure Initiatives	1 January 2016
MFRS 14: Regulatory Deferral Accounts	1 January 2016
Amendment to MFRS 116 and MFRS 138: Clarification of Acceptable Method of Depreciation and Amortization	1 January 2016
Amendments to MFRS 10 and MFRS 128 : Sales or Contribution of Assets between an Investros and its Associate or Joint Venture	1 January 2016
Amendments to MFRS 10, MFRS 12 and MFRS 128 : Investment Entities : Applying the consolidation Exception	1 January 2016
Amendment to MFRS 9: Financial Instruments	1 January 2018

The initial application of the standards and interpretations above is expected to have no significant impact on the financial statements of the Company, except as disclosed below:

MFRS 9: Financial Instruments

In November 2014, MASB issued the final version of MFRS 9 Financial Instruments which reflects all phases of the financial instruments project and replaces MFRS 139 Financial Instruments: Recognition and Measurement and all previous versions of MFRS 9. The standard introduces new requirements for classification and measurement, impairment and hedge accounting. MFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory. The adoption of MFRS 9 will have an effect on the classification and measurement of the Company's financial assets, but no impact on the classification and measurement of the Company's financial liabilities.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.3 Standards and interpretations issued but not yet effective (cont'd)

Annual Improvements to MFRSs 2012–2014 Cycle

The Annual Improvements to MFRSs 2012-2014 Cycle include a number of amendments to various FRSs, which are summarised below. The Directors of the Company do not anticipate that the application of these amendments will have a significant impact on the Company's financial statements.

(a) MFRS 5 Non-current Assets Held for Sale and Discontinued Operations

The amendment to MFRS 5 clarifies that changing from one of these disposal methods to the other should not be considered to be a new plan of disposal, rather it is a continuation of the original plan. There is therefore no interruption of the application of the requirements in MFRS 5.

The amendment also clarifies that changing the disposal method does not change the date of classification. This amendment is to be applied prospectively to changes in methods of disposal that occur in annual periods beginning on or after 1 January 2016, with earlier application permitted.

(b) MFRS 7 Financial Instruments: Disclosures

The amendment clarifies that a servicing contract that includes a fee can constitute continuing involvement in a financial asset. An entity must assess the nature of the fee and arrangement against the guidance for continuing involvement in MFRS 7 in order to assess whether the disclosures are required.

In addition, the amendment also clarifies that the disclosures in respect of offsetting of financial assets and financial liabilities are not required in the condensed interim financial report.

(c) MFRS 119 Employee Benefits

The amendment to MFRS 119 clarifies that market depth of high quality corporate bonds is assessed based on the currency in which the obligation is denominated, rather than the country where the obligation is located. When there is no deep market for high quality corporate bonds in that currency, government bond rates must be used.

(d) MFRS 134 Interim Financial Reporting

MFRS 134 requires entities to disclose information in the notes to the interim financial statements 'if not disclosed elsewhere in the interim financial report.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.3 Standards and interpretations issued but not yet effective (cont'd)

Annual Improvements to MFRSs 2012–2014 Cycle (cont'd)

(d) MFRS 134 Interim Financial Reporting (cont'd)

The amendment states that the required interim disclosures must either be in the interim financial statements or incorporated by cross-reference between the interim financial statements and wherever they are included within the greater interim financial report (e.g., in the management commentary or risk report). The other information within the interim financial report must be available to users on the same terms as the interim financial statements and at the same time.

2.4 Investment properties under construction

Investment properties under construction ("IPUC") is measured at fair value (when the fair value is reliably determinable). IPUC for which fair value cannot be determined reliably is measured at cost less impairment.

Gain or losses arising from changes in the fair value of IPUC is recognised in profit or loss in the year in which they arise.

The fair values of IPUC are determined at the end of the reporting period based on valuations performed using residual method approach, as deemed appropriate.

The estimated value of future assets is based on the expected future income from the project, using risk adjusted yields that are higher than the current yields of similar completed property. The remaining expected costs of completion plus margin are deducted from the estimated future assets value.

2.5 Impairment of non-financial assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists or when an annual impairment assessment for an asset is required, the Company makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units ("CGU")).

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.5 Impairment of non-financial assets (cont'd)

In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

Impairment losses are recognised in profit or loss.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal of impairment for an asset is recognised in profit or loss.

2.6 Financial assets

Financial assets are recognised in the statement of financial position when, and only when, the Company becomes a party to the contractual provisions of the financial instrument.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

The Company determines the classification of its financial assets at initial recognition, and the categories include financial assets at fair value through profit or loss and loans and receivables.

(a) Financial assets at fair value through profit or loss

Financial assets are classified as financial assets at fair value through profit or loss if they are held for trading or are designated as such upon initial recognition. Financial assets held for trading are derivatives (including separated embedded derivatives) or financial assets acquired principally for the purpose of selling in the near term.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.6 Financial assets (cont'd)

(a) Financial assets at fair value through profit or loss (cont'd)

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value are recognised in profit or loss. Net gains or net losses on financial assets at fair value through profit or loss do not include exchange differences, interest and dividend income. Exchange differences, interest and dividend income on financial assets at fair value through profit or loss are recognised separately in profit or loss as part of other losses or other income.

Financial assets at fair value through profit or loss could be presented as current or non-current. Financial assets that is held primarily for trading purposes are presented as current whereas financial assets that is not held primarily for trading purposes are presented as current or non-current based on the settlement date.

(b) Loans and receivables

Financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables.

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

Loans and receivables are classified as current assets, except for those having maturity dates later than 12 months after the reporting date which are classified as non-current.

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned. All regular way purchases and sales of financial assets are recognised or derecognised on the trade date i.e., the date that the Company commits to purchase or sell the assets.

2.7 Impairment of financial assets

The Company assesses at each reporting date whether there is any objective evidence that a financial asset is impaired.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.7 Impairment of financial assets (cont'd)

Other financial assets carried at amortised cost

If any such evidence exists, the amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

2.8 Cash and bank balances

Cash and bank balances comprise cash at banks which are subject to an insignificant risk of changes in value.

2.9 Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability.

Financial liabilities, within the scope of MFRS 139, are recognised in the statement of financial position when, and only when, the Company becomes a party to the contractual provisions of the financial instrument.

The Company's financial liabilities include other payables and borrowing.

Other payables are recognised initially at fair value plus directly attributable transaction costs incurred and subsequently measured at amortised cost using the effective interest method.

Borrowing is recognised initially at fair value net of transaction costs incurred and subsequently measured at amortised cost using the effective interest method.

For other financial liabilities, gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

A financial liability is derecognised when the obligation under the liability is extinguished. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amount is recognised in profit or loss.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.10 Share capital and share issuance expenses

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Ordinary shares are equity instruments.

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

Preference shares are classified as equity if there is no fixed term for redemption and dividends are at option of the issuer. Dividends on equity instruments are recognised in equity in the period in which they are declared.

2.11 Borrowing costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the year they are incurred. Borrowing costs consist of interest and other costs that the Company incurred in connection with the borrowing of funds.

2.12 Income tax

(a) Current tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date. Current taxes are recognised in profit or loss.

(b) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except where the deferred tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.12 Income tax (cont'd)

(b) Deferred tax (cont'd)

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except where the deferred tax asset arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent it has become probable that future taxable profit will allow the deferred tax assets to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantially enacted at the reporting date.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

2.13 Fair value measurement

The Company measures non-financial assets such as investment property under construction, at fair value at each reporting date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

(a) in the principal market for the asset or liability; or

(b) in the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to by the Company.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.13 Fair value measurement (cont'd)

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Company's management determines the policies and procedures for both recurring fair value measurement, such as investment property under construction and derivative financial asset and non-recurring measurement.

External valuers are involved for valuation of significant assets, such as investment property under construction and derivatives financial asset. Selection criteria of external valuers include market knowledge, reputation, independence and whether professional standards are maintained. The management decides, after discussions with the Company's external valuers, which valuation techniques and inputs to use for each case.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.13 Fair value measurement (cont'd)

At each reporting date, the management analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Company's accounting policies. For this analysis, the management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

The management, in conjunction with the Company's external valuers, also compares the changes in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

2.14 Current versus non-current classification

The Company presents assets and liabilities in statement of financial position based on current/non-current classification. An asset is current when it is:

(i) Expected to be realised or intended to be sold or consumed in normal operating cycle;

(ii) Held primarily for the purpose of trading;

(iii) Expected to be realised within twelve months after the reporting period; or

(iv) Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

(i) It is expected to be settled in normal operating cycle;

(ii) It is held primarily for the purpose of trading;

(iii) It is due to be settled within twelve months after the reporting period; or

(iv) There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as non-current. Deferred tax assets and liabilities are classified as non-current assets and liabilities.

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3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these adjustments and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

3.1 Critical judgements made in applying accounting policies

In the process of preparing these financial statements, there were no significant judgements made in applying the accounting policies of the Company which may have significant effects on the amounts recognised in the financial statements.

3.2 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are disclosed below:

Investment property under construction

The investment property is stated at fair value based on the valuation performed by an independent professional valuer. The valuer has determined the fair value based on a method of valuation which involves certain estimates and assumptions.

The fair value of IPUC is determined on the basis of the residual method. However, using residual method to value IPUC requires considering the significant risks which are relevant to the development process, including but not limited to construction and letting risks.

Details of the IPUC are disclosed in Note 8. Details of the fair value measurement are disclosed in Note 19.

4. FINANCE COSTS

	2015 RM	2014 RM
Interest expense on term loan	2,574,521	-

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5. PROFIT BEFORE TAX

The following amounts have been included in arriving at profit before tax:

	2015 RM	2014 RM
Auditors' remuneration		
- statutory audit	6,000	6,000
- underprovision in previous year	1,000	-
Filling and stamping fee	55,127	500,228
Management services fees (Note 21 (a))	-	19,758
Fair value gain on retention sum	-	(72,393)
Fair value loss/(gain) on derivative financial asset	636,589	(410,712)
Fair value gain on investment property under construction (Note 8)	(104,002,364)	(65,769,418)
Interest income	(7,777)	-

6. INCOME TAX EXPENSE

The major tax components of income tax expense for the financial years ended 30 June 2015 and 2014 are as follows:

	2015 RM	2014 RM
Current income tax:		
- Malaysian income tax	1,944	-
Deferred tax (Note 15):		
Relating to original and reversal of temporary differences, representing total income tax expense	5,200,118	3,288,471
Income tax expenses for the year	5,202,062	3,288,471

Income tax is calculated at the Malaysian statutory tax rate of 25% (2014: 25%) of the estimated assessable profit for the year. The Malaysian corporate income tax rate is expected to reduce from 25% to 24% with effect from year of assessment 2016 as announced in the 2014 budget.

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6. INCOME TAX EXPENSE (cont'd)

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

	2015 RM	2014 RM
Profit before tax	100,577,134	65,528,648
Taxation at Malaysian statutory tax rate of 25% (2014: 25%)	25,144,283	16,382,162
Expenses not deductible for tax purposes	858,252	180,969
Deferred tax recognised in different tax rate	(20,800,473)	(13,153,884)
Income not subject to tax	-	(120,776)
Income tax expense for the year	5,202,062	3,288,471

7. DIVIDENDS

	2015 RM	2014 RM
In respect of financial year ended 30 June 2015:		
- Interim single-tier dividend of 2,300% for each ordinary share paid on 22 August 2014	57,500,046	-
- Interim single-tier dividend of 8,000% for each preference share paid on 22 August 2014	2,916,000	-
	60,416,046	-

8. INVESTMENT PROPERTY UNDER CONSTRUCTION

Movements in the investment property under construction ("IPUC") are as follows:

	2015 RM	2014 RM
At beginning of financial year	196,600,000	100,881,123
Additions from subsequent expenditure	117,397,636	29,949,459
Gain on fair value adjustment (Note 5)	104,002,364	65,769,418
At end of financial year	418,000,000	196,600,000
At valuation :		
Investment property under construction	418,000,000	196,600,000

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8. INVESTMENT PROPERTY UNDER CONSTRUCTION (cont'd)

The IPUC comprises a commercial building under construction which is part of a mixed development project on a parcel of freehold land. The carrying value of the property as at 30 June 2015 was based on valuation carried out by an accredited independent valuer.

IPUC is charged to financial institutions as collaterals for credit facilities granted to the Company as disclosed in Note 14.

Included in the IPUC's carrying amount is borrowing costs incurred during the financial year of RM5,179,774 (2014: RM2,692,957).

9. DERIVATIVE FINANCIAL ASSET

	2015		2014	
	Contract/ notional amount RM	Carrying amount RM	Contract/ notional amount RM	Carrying amount RM
Non-hedging derivative:				
Non-current				
Interest rate swap	96,000,000	433,650	50,000,000	1,070,239

The Company uses interest rate swap to manage some of the transaction exposure. This contract is not designated as cash flow or fair value hedge and is entered into for period consistent with the Company's exposure to fair value changes. Such derivative does not qualify for hedge accounting. The interest rate swap is used to hedge cash flow interest rate risk arising from a floating rate bridging loan of RM189,490,437 (2014: RM83,450,141). This interest rate swap receives floating interest equal to Kuala Lumpur Interbank Offered Rate ("KLIBOR") per annum, pays fixed rate of interest at 3.31% (2014: 3.31%) per annum. The remaining term to maturity of the interest rate swap is less than 5 years. During the financial year, the Company recognised a loss of RM636,589 (2014: Gain RM410,712) arising from fair value changes of derivative financial asset. The fair value changes are attributable to changes in KLIBOR. The method and assumptions applied in determining the fair value of derivatives are disclosed in Note 18(f).

10. OTHER RECEIVABLES

	2015 RM	2014 RM
Other receivables	575,327	-
Add: Cash and bank balances	84,187	7,354
Total loans and receivables	659,514	7,354

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11. CASH AND BANK BALANCES

Included in cash and bank balances of the Company is an amount of RM846 (2014: RM1,126) placed with a related company, which is a licensed financial institution.

12. SHARE CAPITAL AND SHARE PREMIUM

	Number of shares		Amount	
	2015	**2014**	**2015**	**2014**
			RM	**RM**
Authorised:				
Ordinary shares of RM1.00 each				
At beginning/end of financial year	4,950,000	4,950,000	4,950,000	4,950,000
Redeemable preference shares ("RPS") of RM1.00 each				
At beginning/end of financial year	50,000	50,000	50,000	50,000
Total authorised share capital			5,000,000	5,000,000
Issued and fully paid:				
Ordinary shares of RM1.00 each				
At beginning/end of financial year	2,500,002	2,500,002	2,500,002	2,500,002
RPS of RM1.00 each				
At beginning/end of financial year	36,450	36,450	36,450	36,450
Total issued and fully paid-up share capital			2,536,452	2,536,452
Premium on RPS of RM1.00 each:				
At beginning/end of financial year			36,413,550	36,413,550

The holder of ordinary shares is entitled to receive dividends as declared from time to time and is entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

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12. SHARE CAPITAL AND SHARE PREMIUM (cont'd)

The salient terms of the RPS are as follows:

(a) Each holder of the RPS shall:

(i) be entitled, on each RPS held by the holders, to receive out of any monies which may lawfully be applied for the purpose, such dividends in cash as the directors may from time to time determine to pay;

(ii) rank for payment of dividends pari passu with the holders of any other RPS in the capital of the Company. As regards ranking for payment of dividends with the ordinary shareholders in the capital of the Company, save in the event of a liquidation of the Company where the provisions below shall apply, neither class of shareholders shall have priority. The Company shall pay the dividends as may be declared by the Company in general meeting and/or determined by the Directors from time to time in respect of any class of shares without reference to the holders of the other class of shares.

(b) In the event of liquidation of the Company, after satisfaction of all liabilities of the Company, any surplus attributable to the RPS and ordinary shares shall be applied as follows:

(i) firstly, in repayment to each holder of the RPS of any arrears or accrual of dividends pari passu with the holders of other RPS;

(ii) secondly, in repayment to each holder of the ordinary shares of any arrears or accrual of dividends pari passu with the holders of other ordinary shares;

(iii) thirdly, in repayment to each holder of the RPS of the amount credited as paid-up in respect of the nominal value of the RPS held by him and the amount of any premium paid on the issue thereof pari passu with the holder of other RPS;

(iv) fourthly, in repayment to each holder of the ordinary shares of the amount credited as paid-up in respect of the nominal value of the ordinary shares held by him and the amount of any premium paid on the issue thereof, pari passu with the holders of other ordinary shares; and

(v) fifthly, any surplus thereafter remaining shall be attributable to the holders of the ordinary shares on a pari passu basis and shall be paid to the holders pro rata to the amount of capital credited as paid-up in respect of ordinary shares held by each holder. Save as provided under the foregoing paragraphs (i) to (iv), the RPS shall not entitle the holders thereof to any further or other rights of participation in any surplus remaining.

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12. SHARE CAPITAL AND SHARE PREMIUM (cont'd)

The salient terms of the RPS are as follows (cont'd) :

(c) The RPS shall not confer on the holders thereof the right to receive notice of or attend or to vote at any general meeting of the Company save and except for those voting rights which are specifically provided in Section 148(2) of the Companies Act, 1965 ("Act") which are not capable of waiver under the law.

(d) Subject to the provisions of the Act, the RPS shall be redeemable in accordance with the following provisions:

(i) the Company shall be entitled to elect to redeem the whole or part of the RPS on any date nominated by it at any time by giving seven (7) days' notice in writing ("Redemption Notice") to the holder of the RPS whereupon the holders of the RPS to be redeemed shall comply with the Redemption Notice whereupon any arrears or accrual of dividends due thereon shall also be payable on the redemption date specified in the Redemption Notice provided always that any such redemption if in respect of only part of the RPS, shall be in proportion to the number of RPS held by each RPS holder; and

(ii) the amount payable on redemption of each RPS shall be its issue price, i.e. the sum of RM1,000 per RPS, being RM1.00 at par with a premium of RM999, together with the amount of any accrued and unpaid dividends.

13. RETAINED EARNINGS

The Company may distribute dividends out of its entire retained earnings as at 30 June 2015 and 30 June 2014 under the single tier system.

14. BORROWING

	2015 RM	2014 RM
Non-current liability		
Bridging loan - secured	189,490,437	83,450,141
Term loan - secured	65,374,520	-
	254,864,957	83,450,141

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14. BORROWING (cont'd)

The maturity of borrowing is as follows:

	2015 RM	2014 RM
More than 2 years but less than 5 years	90,374,520	15,000,000
More than 5 years	164,490,437	68,450,141
	254,864,957	83,450,141

Bridging loan and term loan are inter alia secured by a deed of assignment assigning all the rights and titles, interests and benefits under the sale and purchase agreement which incorporates the assignment of development rights, including ownership over the investment property under construction as disclosed in Note 8 and a third party legal charge on a parcel of freehold land of its related company.

The bridging loan is repayable over the periods from years 2018 to 2022 (2014: 2018 to 2022) and bears interest at rates ranging from 4.23% to 4.49% (2014: 4.19% to 4.23%) per annum during the financial year.

The term loan is repayable in year 2020 and bears interest at rates ranging from 4.91% to 4.99% (2014: Nil) per annum during the financial year.

Interest rate swap with a notional amount of RM96,000,000 (2014: RM50,000,000) is used to hedge the Company's exposure to interest rate risk arising from the Company's floating rate bridging loan.

15. DEFERRED TAX LIABILITY

	2015 RM	2014 RM
At beginning of financial year	3,288,471	-
Recognised in profit or loss (Note 6)	5,200,118	3,288,471
At end of financial year	8,488,589	3,288,471

The above represents taxable temporary difference arising from fair value gain on IPUC as disclosed in Note 8.

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16. OTHER PAYABLES

	2015	2014
	RM	RM
Accruals	11,612,290	3,053,332
Other payables	-	1,090,856
Total other payables	11,612,290	4,144,188
Add: Amount due to immediate holding company	-	2,320,331
Add: Amount due to intermediate holding company	-	28,782
Add: Amounts due to related companies	7,322,291	2,597,613
Add: Borrowing (Note 14)	254,864,957	83,450,141
Total financial liabilities carried at amortised cost	273,799,538	92,541,055

17. AMOUNTS DUE TO IMMEDIATE HOLDING, INTERMEDIATE HOLDING AND RELATED COMPANIES

The immediate and ultimate holding companies are Hong Leong Real Estate Holdings Sdn Bhd and Hong Leong Company (Malaysia) Berhad respectively, both incorporated in Malaysia.

Intermediate holding company in these financial statements refers to GuocoLand (Malaysia) Berhad, incorporated in Malaysia.

Related companies in these financial statements refer to member companies in the Hong Leong Company (Malaysia) Berhad Group.

The amounts due to immediate and intermediate holding companies and related companies are unsecured and interest-free which are repayable on demand.

18. FINANCIAL INSTRUMENTS

(a) Financial risk management objectives and policies

The Company's financial risk management objectives seek to ensure that adequate financial resources are available for the development of the Company's businesses whilst managing its interest rate, credit and liquidity risks. The Company's policy is not to engage in speculative transactions.

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18. FINANCIAL INSTRUMENTS (cont'd)

(b) Interest rate risk

At the reporting date, the interest rate profile of the interest-bearing financial instruments was as follows:

	2015 RM	2014 RM
Variable rate instrument		
Financial liability	254,864,957	83,450,141

Interest rate risk is the risk that the fair value or future cash flows of the Company's financial instruments will fluctuate because of changes in market interest rates. The Company's exposure to interest rate risk is primarily from its interest-bearing borrowing. The Company had no substantial long term interest-bearing assets as at 30 June 2015.

Borrowing at floating rates exposes the Company to cash flow interest rate risk. The Company reviews its debt portfolio, taking into account the investment holding period and nature of its assets. This strategy allows it to capitalise on cheaper funding in a low interest rate environment and achieve a certain level of protection against rate hikes. Interest rate swap with a notional amount of RM96,000,000 (2014: RM50,000,000) is used to hedge the Company's exposure to interest rate risk arising from the Company's floating rate bridging loan.

Sensitivity analysis for variable rate instruments

A increase/decrease of 38 basis points (2014: 38 basis points) in interest rates, with all other variables held constant, at the reporting year would have increased/decreased development expenditure by RM720,064 (2014 : RM317,111) and result in the profit before tax to be higher/(lower) by RM248,423 (2014 : RM Nil).

(c) Effective interest rates and repricing analysis

The range of effective interest rates of the interest-bearing financial liability of the Company is as follows:

	Effective interest rate %	Floating interest RM
Financial liability		
At 30 June 2015:		
Borrowing	4.23 - 4.99	254,864,957
At 30 June 2014:		
Borrowing	4.19 - 4.23	83,450,141

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18. FINANCIAL INSTRUMENTS (cont'd)

(d) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. For other receivables and cash and bank balances, the Company minimises credit risk by dealing exclusively with reputable financial institutions.

(e) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Company's liabilities at the reporting date based on contractual undiscounted repayment obligations.

	On demand or within one year RM	One to five years RM	Over five years RM	Total RM
At 30 June 2015				
Financial liabilities:				
Other payables	11,612,290	-	-	11,612,290
Amounts due to related companies	7,322,291	-	-	7,322,291
Borrowing	11,753,966	143,878,003	171,427,057	327,059,026
Total undiscounted financial liabilities	30,688,547	143,878,003	171,427,057	345,993,607

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18. FINANCIAL INSTRUMENTS (cont'd)

(e) Liquidity risk (cont'd)

	On demand or within one year RM	One to five years RM	Over five years RM	Total RM
At 30 June 2014				
Financial liabilities:				
Other payables	4,144,188	-	-	4,144,188
Amount due to immediate holding company	2,320,331	-	-	2,320,331
Amount due to intermediate holding company	28,782	-	-	28,782
Amount due to related companies	2,597,613	-	-	2,597,613
Borrowing	3,510,469	28,831,544	75,826,550	108,168,563
Total undiscounted financial liabilities	12,601,383	28,831,544	75,826,550	117,259,477

(f) Fair values of financial instruments

The following are classes of financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value:

	Note
Other receivables	10
Borrowing (non-current)	14
Other payables (current)	16
Amount due to immediate holding company (current)	17
Amount due to intermediate holding company (current)	17
Amounts due to related companies (current)	17

The carrying amounts of these financial assets and liabilities are reasonable approximation of fair values, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near to the reporting date.

Derivatives

The fair value of interest rate swap is based on broker quotes. Those quotes are tested for reasonableness by discounting estimated future cash flows based on the terms and maturity of each contract and using market interest rates for a similar instrument at the measurement date.

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19. FAIR VALUE MEASUREMENT

The Company measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1
Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2
Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3
Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

The table below analyses assets, measured at fair value at the end of the reporting date, by the level in the fair value hierarchy into which the fair value measurement is categorised:

	Level 1	Level 2	Level 3	Total
At 30 June 2015				
Derivative financial asset (Note 9)	-	433,650	-	433,650
IPUC (Note 8)	-	-	418,000,000	418,000,000
	-	433,650	418,000,000	418,433,650
At 30 June 2014				
Derivative financial asset (Note 9)	-	1,070,239	-	1,070,239
IPUC (Note 8)	-	-	196,600,000	196,600,000
	-	1,070,239	196,600,000	197,670,239

Fair value reconciliation of IPUC measured at Level 3

	RM
At 1 July 2014	
- measured at fair value	196,600,000
Re-measurement recognised in profit or loss	104,002,364
Additions from subsequent expenditure	117,397,636
At 30 June 2015	
- measured at valuation	418,000,000
Valuation gain for the year included in profit or loss	104,002,364

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19. FAIR VALUE MEASUREMENT (cont'd)

Description of valuation techniques used and key inputs to valuation on IPUC measured at Level 3:

Property category	Valuation technique	Significant unobservable inputs	Range (RM)
Commercial	Residual method	Gross development value	582,000,000
		Gross development cost	335,024,402
		Discount rate	8%

Residual method

Under the residual method of valuation, the development costs to be incurred is estimated and deducted from the gross development value of the development component to arrive at the residual value. This residual value is appropriately discounted for the period of development and sale is deemed to be the present market value of the subject property.

The gross development value is estimated by comparing the development components of the subject property with similar properties that have been sold recently and those that are currently being offered for sale in the vicinity or other comparable localities.

The characteristics, merits and demerits of these properties are noted and appropriate adjustments are then made to arrive at the proposed selling prices of the development components. The development costs to be incurred are the actual or estimated costs or fees which are likely to be incurred for the completion of the development components.

20. CAPITAL MANAGEMENT

The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder's value.

The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. No changes were made in the objectives, policies or processes during the financial years ended 30 June 2015 and 30 June 2014.

The Company is not subject to any externally imposed capital requirements.

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21. SIGNIFICANT RELATED PARTY TRANSACTIONS

(a) Related party transactions

In addition to related party information disclosed elsewhere in the financial statements, the significant related party transactions are as follows:

	2015 RM	2014 RM
Intermediate holding company		
GuocoLand (Malaysia) Berhad		
Management services fees payable (Note 5)	-	19,758
Related company		
GLM Property Management Co Sdn Bhd		
Project management fees payable	1,548,391	357,042

(b) Compensation of key management personnel

The directors of the Company are key management personnel who have authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly. The directors did not receive any remuneration for the financial years ended 30 June 2015 and 30 June 2014.

22. CAPITAL COMMITMENTS

	2015 RM	2014 RM
Capital expenditure		
Approved and contracted for:		
Investment property under construction	83,392,954	171,402,769

VALUATION CERTIFICATE IN RESPECT OF THE VALUATION OF OFFICE TOWER A

Rahim&Co
international property consultants

Our Ref: 30V140639

7th July 2015

GuocoLand (Malaysia) Berhad
Level 19, Block B, HP Towers
12 Jalan Gelenggang, Bukit Damansara
50490 Kuala Lumpur

Attention: Mr Tan Lee Koon

Dear Sirs,

VALUATION CERTIFICATE OF OFFICE TOWER A, CURRENTLY UNDER CONSTRUCTION LOCATED WITHIN THE ON-GOING INTEGRATED COMMERCIAL DEVELOPMENT KNOWN AS DAMANSARA CITY KUALA LUMPUR
[LOCALITY: JALAN JOHAR/JALAN DAMANLELA/JALAN BERINGIN, BUKIT DAMANSARA, KUALA LUMPUR]

This Valuation Certificate has been prepared for inclusion in the Circular to the Shareholders of GuocoLand (Malaysia) Berhad ("GuocoLand") to be dated 20 October 2015 in relation to the proposed disposal by Hong Leong Real Estate Holdings Sdn Bhd, a wholly-owned subsidiary of GuocoLand (Malaysia) Berhad ("**GLM**"), of the entire issued and paid-up share capital in DC Tower Sdn Bhd ("**DCT**").

By a Sale and Purchase Agreement dated 20.6.2012 between Damansara City Sdn Bhd and DC Tower Sdn Bhd (DCT) (SPA), DCT acquired the development rights to Office Tower A (OTA), together with all rights title and interests in and over OTA. The SPA has been completed and DCT is the beneficial owner of OTA.

The subject property is a 33-storey purpose-built stratified freehold office building to be known as Office Tower A and is valued on the basis that it has been completed in accordance with the approved building plans and specifications, duly issued with a Certificate of Completion and Compliance (CCC) and will be issued with the individual strata title.

In accordance with the instructions from GuocoLand, we have valued the subject property vide our valuation report bearing Reference No. 30V140639 dated 7th July 2015 for the **purpose of submission to Bursa Malaysia Securities Berhad ("Bursa Securities") for the Proposed Disposal**. The subject property was inspected and referenced on 22nd June 2015.

We are pleased to certify that we have conducted the valuation on the legal interest of the subject property as at the material date of valuation on 22nd June 2015.

The Valuation Report and Valuation Certificate have been prepared in compliance with the Asset Valuation Guidelines issued by the Securities Commission Malaysia and the Malaysian Valuation Standards (4th Edition 2011) issued by the Board of Valuers, Appraisals and Estate Agents, Malaysia.

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VALUATION CERTIFICATE IN RESPECT OF THE VALUATION OF OFFICE TOWER A *(Cont'd)*

Our Ref: 30V140639

The basis of valuation for the purpose of the report and valuation is the Market Value as defined in the Malaysian Valuation Standards ("MVS"). Market Value as defined in STANDARD 1 of MVS – Market Value Basis of Valuation as "the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion."

For the purpose as mentioned, we have prepared this letter which summarises our report dated 7th July 2015 and bears Reference No. 30V140639 and outlines key factors which have been considered in arriving at our opinion of the Market Value. This letter contains all the necessary data and supporting information included in our report. For further information in relation to those contained herein, reference should be made to the said report.

Brief description of the subject property is as follows :

IDENTIFICATION OF PROPERTY

Subject Property	A 33-storey purpose-built stratified office building which is under-construction to be known as Office Tower A which forms part of the on-going integrated commercial development known as Damansara City Kuala Lumpur
Total Net Lettable Area (as given by the client)	506,069 sq. feet (about 47,015.35 sq. metres)
Parent Lot No.	Lot 58303, Mukim and District of Kuala Lumpur State of Wilayah Persekutuan Kuala Lumpur
Master Title No.	Geran 74955
Tenure	Freehold
Category of Land Use	Building
Express Condition	"Tanah ini hendaklah digunakan untuk bangunan perdagangan bagi tujuan menara pejabat/perniagaan. Tanah ini hendaklah digunakan untuk bangunan perdagangan sahaja."
Registered Owner of the Parent Lot	Damansara City Sdn Bhd
Beneficial Owner of Office Tower A	DC Tower Sdn Bhd
Restriction-in-Interest	Nil

VALUATION CERTIFICATE IN RESPECT OF THE VALUATION OF OFFICE TOWER A *(Cont'd)*

Our Ref: 30V140639

Location of Property The subject property is located within the on-going integrated commercial development known as Damansara City Kuala Lumpur. Damansara City Kuala Lumpur will comprise 2 blocks of 28-storey service apartments, 1 block of 23-storey boutique hotel, 2 blocks of 33-storey and 19-storey each of office block and a retail mall.

GENERAL DESCRIPTION

Brief Description of The Subject Property

The site (parent lot)

The subject site is a plot of freehold commercial land and is legally identified as Lot No. 58303, Mukim and District of Kuala Lumpur, State of Wilayah Persekutuan Kuala Lumpur. The subject site is irregular in shape. It is bounded by three roads with the major portion fronting onto Jalan Johar on the west; Jalan Beringin on the north and Jalan Damanlela on the south. The subject site encompasses a surveyed land area of 32,450 sq. metres (about 349,289 sq. feet or 8.0186 acres) as noted in the title. The subject site has been granted approval from the local authority for a mixed commercial development known as Damansara City. The latter is currently under construction on the subject property.

Brief Description of the Subject Property (cont'd)

The Subject Property / Building

The subject property is a 33-storey purpose-built office building which is under-construction to be known as Office Tower A. When fully completed, the subject block will generally have the following general architectural specifications as given by the client:

Structure	:	Reinforced concrete frames and slabs
Walls	:	Generally Brickwork and glass curtain wall
Roof	:	Generally reinforced concrete roof slab / metal deck
Doors	:	Generally Fire rated doors / flush door / metal frame glass door
Windows	:	Generally Metal frame window
Ceiling	:	Main Lobby (Banking Hall), Mezzanine Lobby Aluminium composite panel and integrated lighting Mezzanine Tenant Lift Lobby Combination of stainless steel and selected finishes Typical Office Suspended Acoustic Tile & Flushset plaster Typical Office Lift Lobby Flush set profiled Flush set plaster Male and Female Toilets Flush set plaster

VALUATION CERTIFICATE IN RESPECT OF THE VALUATION OF OFFICE TOWER A *(Cont'd)*

Our Ref: 30V140639

Brief Description of the Subject Property (cont'd)

Floor Finishes	:	<u>Main Lobby (Banking Hall), Mezzanine Lobby</u> Combination of selected natural stone & metal trims <u>Mezzanine Tenant Lift Lobby</u> Combination of selected natural stone <u>Typical Office</u> Steel float finish ready for carpet <u>Typical Office Lift Lobby</u> Natural stone polished finish / Homogenous Porcelain Tiles <u>Male and Female Toilets</u> Homogeneous tiles finish
Wall Finishes	:	*<u>Main Lobby (Banking Hall),</u>* *Natural stone finish & stainless Steel / aluminium trims. Aluminium trims. Aluminium Composite panels with integrated lighting with Stainless Steel / Aluminium Finished to picture window frames* *<u>Mezzanine Lobby</u>* *Selected natural stone & stainless steel / Aluminium trims. Aluminium Composite panels with integrated lighting* *<u>Mezzanine Tenant Lift Lobby</u>* *Selected natural stone with metal lift doors and header panels and integrated lighting* *<u>Typical Office Lift Lobby</u>* *Natural stone polished finish / Homogeneous Porcelain Tiles* *<u>Male and Female Toilets</u>* *Selected homogenous tiles & selected proprietary toilet partitions*

It will generally accommodate the following as extracted from the approved amended building plans.

LEVEL	**ACCOMMODATIONS**
Level Ground Floor	Generally banking Hall and lift lobby
Level 1	Generally mezzanine lobby and lift lobby
Level 2	Generally upper mezzanine lobby and lift lobby
Level 3	Generally office area, child care & nursery, male and female prayer room and male and female toilets and lift lobby
Level 4 to 33	Generally office area, male and female toilets and lift lobby

Vertical access between floors is via lifts and reinforced concrete staircases.

The subject building encompasses a net lettable area of 506,069 sq. feet (about 47,015.35 sq. metres) and gross floor area of 668,262 sq. feet (about 62,083.67 sq. metres).

VALUATION CERTIFICATE IN RESPECT OF THE VALUATION OF OFFICE TOWER A *(Cont'd)*

Our Ref: 30V140639

Brief Description of the Subject Property (cont'd)	The subject building is currently 71% completed. The subject property was granted with a revised Development Order by Dewan Bandaraya Kuala Lumpur (DBKL) vide Reference No. (70)dlm.DBKL.JPRB.6558/2004 BHG.1 [OSC (B) A10 T2 111130-008 (PT KM 120717)] dated 8th October 2012. for the construction of 2 blocks of 28-storey service apartments, 1 block of 23-storey boutique hotel, 2 blocks of 33-storey and 19-storey each of office block and a retail mall. Another revised approved building plans bearing Reference No. BPT220060194 (BPT2OSC20104476) was granted on 23rd November 2012. Subsequent to the above, we understand that an application letter bearing Reference No. (13) dlm. BP T2 OSC 2015 0720 dated 11th May 2015 along with its revised building plans bearing Reference No. BP T2 OSC 2015 0720 was conditionally approved. The subject property is accredited with GOLD LEED Pre-certified and GBI Certified and is MSC ready.
Interest to be valued	The interest to be valued is the freehold interest in the stratified 33-storey office tower known as Office Tower A which is currently under construction. It forms part of the on-going integrated commercial development known as Damansara City Kuala Lumpur and is erected on Parent Lot No. 58303, Mukim and District of Kuala Lumpur State of Wilayah Persekutuan Kuala Lumpur and held under Master Title No. Geran 74955. The Master Title is held under freehold interest.
Basis of Valuation	The valuation is carried out based on the following bases: i. The subject property is a 33-storey purpose-built stratified office building to be known as Office Tower A with a total net lettable area of 506,069 sq. feet (about 47,015.35 sq. metres) located within the on-going integrated commercial development known as Damansara City Kuala Lumpur; ii. The subject property has been completed in accordance with the approved building plans and specifications and duly issued with a Certificate of Completion and Compliance (CCC); and iii. The subject property will be issued with the individual strata title and the tenure of the subject property will be the same as the parent lot, i.e. freehold tenure and the strata title will be good, marketable and registrable.

VALUATION CERTIFICATE IN RESPECT OF THE VALUATION OF OFFICE TOWER A *(Cont'd)*

Our Ref: 30V140639

MARKET VALUE

Date of Valuation 22nd June 2015

Method of Valuation In arriving at the Market Value of the subject property, the Comparison Method and Investment Method have been adopted.

The Comparison Method entails critical analyses of recent evidence of values of comparable properties in the neighbourhood and making adjustments for differences.

We have identified and analysed the following completed transactions of purpose-built office buildings in the Klang Valley area in arriving at the Market Value of the subject property. These buildings are located near the LRT stations.

Description	Comparable 1	Comparable 2	Comparable 3	Comparable 4
Building Name	**Tower 1, Avenue 3, The Horizon**	**MTR 2 Building**	**Integra Tower**	**Platinum Sentral**
Property Type	12-storey office block	Thirty-one (31) floors of strata office space with a total net lettable area of 439,000 square feet of a proposed office building known as MTR 2 Building and four hundred and forty (440) car park bays	A 39-storey Grade A office tower	5-blocks of 4 to 7 storey office building with retail on the ground floor

VALUATION CERTIFICATE IN RESPECT OF THE VALUATION OF OFFICE TOWER A *(Cont'd)*

Our Ref: 30V140639

Description	Comparable 1	Comparable 2	Comparable 3	Comparable 4
Location	Bangsar South, No. 8, Jalan Kerinchi, Kuala Lumpur	Jalan Raja Laut, Kuala Lumpur	Jalan Tun Razak, Kuala Lumpur	KL Sentral, Kuala Lumpur
Tenure	99-year leasehold interest expiring on 16th August 2106	Freehold	Freehold	Freehold
Net Lettable Area (sq. feet)	61,700	439,800	760,715	475,857
No. of car parks	-	440	850	635
Age of building	5 years	Under-construction	Newly completed	2.25 years
Consideration	RM72,540,000	RM510,000,000	RM1,065,000,000	RM740,000,000
Date of Transaction	30th December 2013	18th April 2012	1st April 2015	10th April 2014
Remarks	Green building	Green building	Green building	Green building
Consideration without carpark	RM72,540,000	RM483,600,000	RM1,014,000,000	RM698,725,000
Analysis without carpark	RM1,176 psf	RM1,100 psf	RM1,333 psf	RM1,468 psf
Source	Bursa Malaysia Daily Announcement	Bursa Malaysia Daily Announcement	The Star	Bursa Malaysia Daily Announcement
Adjustments	Upward adjustments on time factor, location/visibility and tenure Downward adjustments on size (net lettable area) and occupancy/tenants'profile	Upward adjustments on time factor Downward adjustments on size (net lettable area)	Upward adjustments on size (net lettable area) Downward adjustments on location/visibility, bulding design/finishes/prestige and occupancy/tenants'profile	Downward adjustments on location/visibility, size (net lettable area) and occupancy/tenants'profile
Adjusted Value	RM1,142 per sq. foot	RM1,149 per sq. foot	RM1,133 per sq. foot	RM1,211 per sq. foot

VALUATION CERTIFICATE IN RESPECT OF THE VALUATION OF OFFICE TOWER A *(Cont'd)*

Our Ref: 30V140639

Method of Valuation (cont'd)

In this method, we have made adjustments to Comparable 2, 3 and 4 by deducting the market value for the car parks from the purchase consideration. We have adopted the market value of RM60,000 per bay for Comparable 2 & 3 and RM65,000 per bay for Comparable 4. This is due to a high demand for car parks in Kuala Lumpur Sentral.

Adjustments are made to all comparables. Based on the adjustments mentioned above, we have noted that the adjusted values of the comparables range from RM1,133 to RM1,211 per sq. foot. After reconciliation of values, we have adopted Comparable 3 & 4 as the best comparables as both comparables are the most recent transaction. The adjusted average value of the said best comprables is at RM1,172/- per sq. foot, which is rounded down to RM1,150 per sq. foot.

Thus, we have adopted the value of RM1,150 per sq foot for the subject property which translates to the market value of **RM582,000,000/-.**

The **Investment Method** entails the determination of the probable gross annual rental the property is capable of producing and deducting therefrom the outgoings to arrive at the annual net income. The net annual income is capitalised at a market derived net yield to arrive at the capital value of the property.

Monthly Gross Rental

The following are rentals of selected purpose-built offices located in Klang Valley as extracted from the Valuation and Property Services Department's Property Market Report 2014.

Name of Building	Floor Level	Floor Area (sq. feet)	Rental (RM psf)
G Tower, Jalan Tun Razak	8 to 10 18 & 20 to 21	9,106 to 15,888 1,249 to 3,703	5.83 to 6.80, 6.67 to 7.50
Quill 7, Jalan Stesen 5, KL Sentral	8 to 10	13,207 to 15,974	7.00 to 7.80
One Sentral, Jalan Travers, KL Sentral	1 to 18	16,501 to 32,991	6.30 to 7.50
Platinum Sentral	Average rental per floor	8,353 to 198,240	8.80
Garden South Tower	10 to 20	2,228 to 10,484	6.00 to 7.00

VALUATION CERTIFICATE IN RESPECT OF THE VALUATION OF OFFICE TOWER A *(Cont'd)*

Our Ref: 30V140639

Method of Valuation (cont'd)

From the said table, the rental rates for office space located in new office buildings are ranging from RM5.83 to RM8.80 per sq. foot. As the subject property is accredited with GOLD LEED Pre-certified and GBI Certified and is MSC ready and located in Damansara Heights, we are of the opinion that the fair rental rate for the subject property is RM7.00 per sq. foot.

Average Monthly Outgoings

Our investigation on outgoings of selected green office buildings located within the vicinity of the subject property as well as in Klang Valley is shown below:-

Name of Building	Outgoing p.s.f. per month of NLA
Menara Darussalam, Jalan Pinang	RM1.50
Platinum Sentral	RM1.60
Menara Tun Razak	RM1.40
Tower 3, PJ Sentral Garden City	RM1.00

Source: Rahim & Co's internal database

From the above information, we are of the opinion that a rate of **RM1.40 per sq. foot per month** is sufficient for the subject property as the building is a newly-completed building based on the basis of valuation.

Void

We have adopted a void of 5.0% in this calculation, which is reasonable and within market range.

Capitalisation Rates

We have adopted a net yield of 5.5% in our valuation. The yield adopted is arrived at via comparison with the yields of other purpose-built office buildings. We noted that the net yield of other buildings are as follows :-

Building	Net Yield
Tower 1, Avenue 3, The Horizon (2013)	5.12%
Integra Tower (2015)	5.56%
Platinum Sentral (2014)	5.64%

VALUATION CERTIFICATE IN RESPECT OF THE VALUATION OF OFFICE TOWER A *(Cont'd)*

Our Ref: 30V140639

Method of Valuation (cont'd)	The analysed net yields above are ranging from 5.12% to 5.64%. The subject property is held under freehold interest. Due to the large supply of office spaces coming into the market and causing office rentals to fall, these results in the office market experiencing a depressed yield as evident from the evidence above. In the light of the above, we are of the opinion that a fair net yield for the subject property is 5.50%. From the Investment Method of valuation, we have arrived at the Market Value of RM587,000,000/- or approximately RM1,160 per sq. foot.
Valuation	Comparison Method: RM582,000,000/- Investment Method : RM587,000,000/-
Opinion of Market Value	The value arrived at by the Investment and Comparison Method of Valuation is RM587,000,000/- and RM582,000,000/-, respectively. There is a difference in value of RM5,000,000/- between the two methods of valuation. We have adopted the value of RM582,000,000/- as the market value of the subject property based on the Comparison Method as the subject property is still not yet occupied and hence has no tenancies to rely on.

CONCLUSION

We are of the opinion that the Market Value of the subject property as at 22nd June 2015, free from all encumbrances, on the basis that it will be completed and issued with Certificate of Compliance and Completion, with the strata title upon issuance will be held under freehold tenure and will be good, marketable and registrable, is **RM582,000,000 (Ringgit Malaysia: Five Hundred Eighty Two Million Only).**

Yours faithfully,
RAHIM & CO CHARTERED SURVEYORS SDN BHD

CHEE KOK THIM ***FRISM, MRICS, MPEPS***
Chartered Valuation Surveyor
Registered Valuer (V-325)

FURTHER INFORMATION

1. DIRECTORS' RESPONSIBILITY STATEMENT

Our directors have seen and approved this Circular and they collectively and individually accept full responsibility for the accuracy of the information given and confirm that, after making all reasonable enquiries and to the best of their knowledge and belief, there are no other material facts, the omission of which would make any statement in this Circular misleading.

The information on HLB was obtained from the management of HLB and the responsibility of our directors is limited to ensuring that such information is accurately extracted and/or reproduced in this Circular.

2. WRITTEN CONSENTS AND CONFLICTS OF INTEREST

2.1 HLIB

HLIB has given and has not subsequently withdrawn its written consent to the inclusion of its name and all references thereto in the form and context in which they appear in this Circular.

HLIB has confirmed that no conflict of interests exists or is likely to exist in relation to its capacity as the Principal Adviser to our Company in respect of the Proposed Disposal, apart from it being related to our Company by virtue of the common ultimate holding company, HLCM. Notwithstanding the above, HLIB is a licensed investment bank and its appointment as our Principal Adviser for the Proposed Disposal is in its ordinary course of business. Furthermore, the conduct of HLIB is regulated strictly by the Financial Services Act 2013, the Capital Markets and Services Act 2007 and its internal control policies and procedures.

2.2 IPS

IPS, being the Independent Adviser in respect of the Proposed Disposal, has given and has not subsequently withdrawn its written consent to the inclusion of its name, letter and all references thereto in the form and context in which they appear in this Circular.

IPS has confirmed that no conflict of interests exists or is likely to exist in relation to its capacity as the Independent Adviser in respect of the Proposed Disposal.

2.3 R&C

R&C, being the independent valuer for Office Tower A, has given and has not subsequently withdrawn its written consent to the inclusion of its name, the Valuation Certificate and all references thereto in the form and context in which they appear in this Circular.

R&C has confirmed that no conflict of interests exists or is likely to exist in relation to its capacity as the independent valuer for Office Tower A.

2.4 Architects Avenue Sdn Bhd

Architects Avenue Sdn Bhd has given and has not subsequently withdrawn its written consent to the inclusion of its name and all references thereto in the form and context in which they appear in this Circular.

Architects Avenue Sdn Bhd has confirmed that no conflict of interests exists or is likely to exist in relation to the issuance of its opinion letter dated 2 July 2015.

3. MATERIAL COMMITMENTS AND CONTINGENT LIABILITIES

As at 30 June 2015 (being the date of our latest available audited consolidated financial statements), our Board is not aware of any material commitments and contingent liabilities incurred or known to be incurred by our Company which may, upon being enforceable, have a material impact on the profits and NA of our Company.

4. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at our Registered Office at Level 10, Wisma Hong Leong, 18 Jalan Perak, 50450 Kuala Lumpur during normal business hours from Monday to Friday (except public holidays) from the date of this Circular to the date of our EGM:

(i) the memorandum and articles of association of our Company;

(ii) audited consolidated financial statements of our Company for the FYEs 30 June 2014 and 2015;

(iii) the memorandum and articles of association of DCT;

(iv) audited financial statements of DCT for the FYEs 30 June 2014 and 2015;

(v) opinion letter from Architects Avenue Sdn Bhd dated 2 July 2015;

(vi) the Valuation Certificate as set out in Appendix II;

(vii) the valuation report dated 7 July 2015 prepared by R&C in respect of the valuation of Office Tower A;

(viii) a copy of the SSA; and

(ix) the consent letters referred to in Section 2 of this Appendix.

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NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting of GuocoLand (Malaysia) Berhad ("**GLM**" or "**Company**") will be held at the Theatrette, Level 1, Wisma Hong Leong, 18 Jalan Perak, 50450 Kuala Lumpur on Wednesday, 11 November 2015 at 11.30 a.m. or if later, upon the conclusion or adjournment of the 91st Annual General Meeting of the Company to be held at the same venue on the same day at 11.00 a.m., for the purpose of considering and, if thought fit, passing with or without modifications, the following resolution:

ORDINARY RESOLUTION

PROPOSED DISPOSAL BY HONG LEONG REAL ESTATE HOLDINGS SDN BHD ("HLREH"), A WHOLLY OWNED SUBSIDIARY OF GLM, OF THE ENTIRE ISSUED AND PAID-UP SHARE CAPITAL IN DC TOWER SDN BHD ("DCT") TO HONG LEONG BANK BERHAD ("PROPOSED DISPOSAL")

"**THAT**, subject to all other relevant approvals being obtained from the relevant regulatory authorities and parties (if required), and the conditions precedent in the SSA (as hereinafter defined) being fulfilled or waived (as the case may be), approval be and is hereby given for HLREH to dispose its entire issued and paid-up share capital in DCT (comprising ordinary shares of RM1.00 each and redeemable preference shares of RM1.00 each with a premium of RM999 each) for an indicative cash consideration of RM189,333,000, subject to adjustments (if any) pursuant to the terms and conditions as stipulated in the conditional share sale agreement dated 3 July 2015 entered into between HLREH and Hong Leong Bank Berhad ("**SSA**");

AND THAT the Board of Directors of the Company ("**Board**") be and is hereby authorised to do or to procure to be done all such acts, deeds and things and to execute, sign and deliver, for and on behalf of the Company, all relevant documents and to enter into any arrangements, agreements and/or undertakings with any party or parties as the Board may deem fit, necessary, expedient and/or appropriate, with full power to assent to any terms, conditions, modifications, variations and/or amendments as may be agreed to/required by any relevant regulatory authorities or as a consequence of any such requirements or as the Board may in its absolute discretion deem fit, necessary, expedient and/or appropriate in connection with the Proposed Disposal and in the best interest of the Company."

By Order of the Board

Lim Yew Yoke (LS 000431)
Chin Min Yann (MAICSA 7034011)
Company Secretaries

Kuala Lumpur
20 October 2015

Notes:

1. For the purpose of determining members' eligibility to attend this meeting, only members whose names appear in the Record of Depositors as at 3 November 2015 shall be entitled to attend this meeting or appoint proxy(ies) to attend and vote on their behalf.

2. Save for a member who is an exempt authorised nominee, a member entitled to attend and vote at this meeting is entitled to appoint not more than two proxies to attend and vote in his stead. A proxy may but need not be a member of the Company and the provision of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company. A member who is an authorised nominee may appoint not more than two proxies in respect of each securities account it holds. A member who is an exempt authorised nominee for multiple beneficial owners in one securities account ("**Omnibus Account**") may appoint any number of proxies in respect of the Omnibus Account.

3. Where two or more proxies are appointed, the proportions of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies, failing which, the appointments shall be invalid.

4. The Form of Proxy must be deposited at the Registered Office of the Company at Level 10, Wisma Hong Leong, 18 Jalan Perak, 50450 Kuala Lumpur not less than 48 hours before the time appointed for holding of the meeting or adjourned meeting.

GuocoLand (Malaysia) Berhad (300-K)
A Member of the Hong Leong Group

FORM OF PROXY

I/We ____

NRIC / Passport / Company No. ____

of ____

being a member of GuocoLand (Malaysia) Berhad ("**Company**"), hereby appoint ____________________

____

____

NRIC / Passport No. ____

of ____

or failing him/her, ____

____

NRIC / Passport No. ____

of ____

or failing him/her, the Chairman of the meeting as my/our proxy/proxies to vote for me/us on my/our behalf at the Extraordinary General Meeting ("**EGM**") of the Company to be held at the Theatrette, Level 1, Wisma Hong Leong, 18 Jalan Perak, 50450 Kuala Lumpur on Wednesday, 11 November 2015 at 11.30 a.m. or if later, upon the conclusion or adjournment of the 91st Annual General Meeting of the Company which to be held at the same venue on the same day at 11.00 a.m. or at any adjournment of the EGM.

My/Our proxy/proxies is/are to vote either on a show of hands or on a poll as indicated below with an "X":

RESOLUTION	FOR	AGAINST
ORDINARY RESOLUTION - Proposed Disposal		

Dated this __________ day of ____________________ 2015

______________________________ ______________________________
Number of shares held Signature(s) of Member

Notes:

1. For the purpose of determining members' eligibility to attend this meeting, only members whose names appear in the Record of Depositors as at 3 November 2015 shall be entitled to attend this meeting or appoint proxy(ies) to attend and vote on their behalf.
2. If you wish to appoint other person(s) to be your proxy, insert the name(s) and address(es) of the person(s) desired in the space so provided.
3. If there is no indication as to how you wish your vote(s) to be cast, the proxy will vote or abstain from voting at his/her discretion.
4. A proxy may but need not be a member of the Company and the provision of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.
5. Save for a member who is an exempt authorised nominee, a member shall not be entitled to appoint more than two proxies to attend and vote at the same meeting. Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint not more than two proxies in respect of each securities account it holds. A member who is an exempt authorised nominee for multiple beneficial owners in one securities account ("**Omnibus Account**") may appoint any number of proxies in respect of the Omnibus Account.
6. Where two or more proxies are appointed, the proportions of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies, failing which, the appointments shall be invalid (please see note 9 below).
7. In the case where a member is a corporation, this Form of Proxy must be executed under its Common Seal or under the hand of its Attorney.
8. All Forms of Proxy must be duly executed and deposited at the Registered Office of the Company at Level 10, Wisma Hong Leong, 18 Jalan Perak, 50450 Kuala Lumpur not less than 48 hours before the time appointed for holding of the meeting or adjourned meeting.
9. In the event two or more proxies are appointed, please fill in the ensuing section:

Names of Proxies	% of shareholdings to be represented

Fold this flap for sealing

Then fold here

AFFIX
STAMP

The Company Secretary
GuocoLand (Malaysia) Berhad (300-K)
Level 10, Wisma Hong Leong
18 Jalan Perak
50450 Kuala Lumpur
Malaysia

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