

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

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

Bursa Malaysia Securities Berhad ("**Bursa Securities**") takes no responsibility for the contents of this Circular, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Circular.



CHIN HIN GROUP BERHAD (1097507-W)
(Incorporated in Malaysia)

CIRCULAR TO SHAREHOLDERS IN RELATION TO THE:

PART A

PROPOSED DISPOSAL OF PROPERTIES BY PP CHIN HIN SDN BHD, A WHOLLY-OWNED SUBSIDIARY OF CHIN HIN GROUP BERHAD ("CHIN HIN"), TO CHIN HIN BUILDING MATERIALS SUPPLY (JB) SDN BHD FOR A TOTAL CASH CONSIDERATION OF RM21,150,000 ("PROPOSED DISPOSAL")

PART B

INDEPENDENT ADVICE LETTER TO THE NON-INTERESTED SHAREHOLDERS OF CHIN HIN IN RELATION TO THE PROPOSED DISPOSAL

AND

NOTICE OF EXTRAORDINARY GENERAL MEETING

Adviser



M&A SECURITIES SDN BHD (15017-H)
(A Wholly-Owned Subsidiary of Insas Berhad)
(A Participating Organisation of Bursa Malaysia Securities Berhad)

Independent Adviser

**Ferrier
Hodgson**

CORPORATE FINANCE

FHM CORPORATE ADVISORY SDN BHD
(774955-D)

The Notice of the Extraordinary General Meeting ("**EGM**") of Chin Hin to be held at Chin Hin Culture Centre, No. F-0-1 and F-0-2, Pusat Perdagangan Kuchai, No. 2, Jalan 1/127, Off Jalan Kuchai Lama, 58200 Kuala Lumpur together with the Form of Proxy, are enclosed. The completed and signed Form of Proxy should be lodged at the Share Registrar of the Company, Boardroom Corporate Services (KL) Sdn Bhd at Lot 6.05, Level 6, KPMG Tower, 8, First Avenue, Bandar Utama, 47800 Petaling Jaya, Selangor Darul Ehsan on or before the date and time indicated below in order for it to be valid. The lodging of the Form of Proxy will not preclude you from attending and voting in person at the EGM should you wish to do so.

Last date and time for lodging the Form of Proxy : Saturday, 24 November 2018 at 10.00 a.m.

Date and time for the EGM : Monday, 26 November, 2018 at 10.00 a.m. or at any adjournment thereof

This Circular is dated 30 October 2018

DEFINITIONS

Unless where the context otherwise requires, the following definitions shall apply throughout this Circular and the accompanying appendices:

“Board”	: Board of Directors of Chin Hin
“Bursa Securities”	: Bursa Malaysia Securities Berhad
“CBRE WTW” or “Independent Valuer”	: C H Williams Talhar & Wong Sdn Bhd
“CHBMS” or “Purchaser”	: Chin Hin Building Materials Supply (JB) Sdn Bhd
“Chin Hin” or the “Company”	: Chin Hin Group Berhad
“Chin Hin Group” or “Group”	: Chin Hin and its subsidiaries, collectively
“Chin Hin Hotel”	: Chin Hin Hotel Sdn Bhd
“Circular”	: This circular to the shareholders of Chin Hin in relation to the Proposed Disposal
“EGM”	: Extraordinary General Meeting
“EPS”	: Earnings per share
“FHCA” or “Independent Adviser”	: FHMH Corporate Advisory Sdn Bhd, the independent adviser to the non-interested shareholders of Chin Hin in relation to the Proposed Disposal
“FYE”	: Financial year ended/ending, as the case may be
“Gunung Indah Units”	: 3 adjoining units of 3 storey shopoffices bearing the postal address No. 48, 49 and 50, Taman Gunung Indah, Jalan Kuala Kedah, 05400 Alor Setar, Kedah Darul Aman
“IAL”	: Independent Advice Letter
“Listing Requirements”	: Main Market Listing Requirements of Bursa Securities
“LPD”	: 30 September 2018, being the latest practicable date prior to the printing of this Circular
“M&A Securities” or “Adviser”	: M&A Securities Sdn Bhd
“Mergong Units”	: 9 adjoining units of 3 storey shopoffices bearing the postal address No. 10, 11, 12, 13, 15, 16, 17, 18 and 19, Taman Bandar Baru Mergong, 05150 Alor Setar, Kedah Darul Aman
“NA”	: Net assets
“NBV”	: Net book value
“PP Chin Hin” or “Vendor”	: PP Chin Hin Sdn Bhd, a wholly-owned subsidiary of Chin Hin
“PP Chin Hin Realty”	: PP Chin Hin Realty Sdn Bhd

DEFINITIONS *(cont'd)*

- "Proposed Disposal" : Proposed disposal by PP Chin Hin of the Said Properties to CHBMS for the Total Disposal Consideration
- "Rawang Units" : 5 adjoining units of 3 storey intermediate shopoffices bearing the postal address No. A-23, A-23A, A-25, A-26 and A-27, Jalan Reef 1/1, Pusat Perniagaan Reef, 48000 Rawang, Selangor Darul Ehsan
- "RM" and "sen" : Ringgit Malaysia and sen, respectively
- "Said Properties" : Collectively, Rawang Units, Gunung Indah Units and Mergong Units
- "SPAs" : 17 conditional sale and purchase agreements, all dated 6 June 2018 entered into between PP Chin Hin and CHBMS in relation to the Proposed Disposal
- "Total Disposal Consideration" : The total cash consideration for the Proposed Disposal amounting to RM21,150,000

Any reference in this Circular to any statues, rules, regulations or rules of the stock exchange is a reference to such statues, rules, regulations or rules of the stock exchange currently in force and as may be amended from time to time and any re-enactment thereof.

Words incorporating the singular shall, where applicable, include the plural and vice versa and words incorporating the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa. Reference to persons shall include a corporation, unless otherwise specified. Any reference in this Circular to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any reference to a time of day in this Circular shall be a reference to Malaysian time, unless otherwise specified.

TABLE OF CONTENTS

PART A**LETTER TO THE SHAREHOLDERS OF CHIN HIN IN RELATION TO THE PROPOSED DISPOSAL CONTAINING:**

	Page(s)
1. INTRODUCTION	1
2. DETAILS OF THE PROPOSED DISPOSAL	2
3. BACKGROUND INFORMATION ON THE PURCHASER	12
4. RATIONALE FOR THE PROPOSED DISPOSAL	13
5. RISK FACTORS	13
6. EFFECTS OF THE PROPOSED DISPOSAL	14
7. APPROVALS REQUIRED	15
8. INTERESTS OF DIRECTORS AND MAJOR SHAREHOLDERS AND/OR PERSONS CONNECTED WITH THEM	15
9. TOTAL AMOUNT TRANSACTED WITH THE INTERESTED PARTIES	16
10. TENTATIVE TIMETABLE	16
11. AUDIT COMMITTEE'S STATEMENT	17
12. DIRECTORS' STATEMENT AND RECOMMENDATION	17
13. OUTSTANDING CORPORATE PROPOSALS ANNOUNCED BUT PENDING COMPLETION	17
14. EGM	17
15. FURTHER INFORMATION	18

PART B

LETTER TO THE NON-INTERESTED SHAREHOLDERS OF CHIN HIN IN RELATION TO THE PROPOSED DISPOSAL	19
---	----

APPENDICES

I VALUATION CERTIFICATE	42
II FURTHER INFORMATION	65

NOTICE OF EGM **ENCLOSED**

FORM OF PROXY **ENCLOSED**

PART A

**LETTER TO THE SHAREHOLDERS IN RELATION TO THE
PROPOSED DISPOSAL**



Registered Office:
Suite 10.02, Level 10
The Gardens South Tower
Mid Valley City
Lingkaran Syed Putra
59200 Kuala Lumpur

30 October 2018

Board of Directors:

Datuk Seri Dr Nik Norzrul Thani Bin Nik Hassan Thani (*Independent Non-Executive Chairman*)
Datuk Seri Chiau Beng Teik (*Deputy Group Executive Chairman*)
Chiau Haw Choon (*Group Managing Director*)
Lee Hai Peng (*Executive Director cum Chief Financial Officer*)
Datuk Cheng Lai Hock (*Independent Non-Executive Director*)
Yeoh Chin Hoe (*Senior Independent Non-Executive Director*)
Shelly Chiau Yee Wern (*Alternate Director to Datuk Seri Chiau Beng Teik*)

Dear Shareholders,

PROPOSED DISPOSAL

1. INTRODUCTION

On 6 June 2018, on behalf of the Board, M&A Securities announced that PP Chin Hin had entered into the SPAs with CHBMS for the proposed disposal by PP Chin Hin of the Said Properties for a total cash consideration of RM21,150,000.

The Proposed Disposal is deemed a related party transaction pursuant to Paragraph 10.08 of the Listing Requirements, further details of which are set out in Section 8 below. In this respect, the Board has appointed FHCA to act as the Independent Adviser to advise the non-interested shareholders of Chin Hin on the Proposed Disposal. The IAL is set out in Part B of this Circular.

THE PURPOSE OF THIS CIRCULAR IS TO PROVIDE YOU WITH THE RELEVANT INFORMATION ON THE PROPOSED DISPOSAL AS WELL AS TO SEEK YOUR APPROVAL FOR THE RESOLUTION PERTAINING TO THE PROPOSED DISPOSAL TO BE TABLED AT THE FORTHCOMING EGM. THE NOTICE OF THE FORTHCOMING EGM AND THE FORM OF PROXY ARE ENCLOSED TOGETHER WITH THIS CIRCULAR.

YOU ARE ADVISED TO READ AND CONSIDER CAREFULLY THE CONTENTS OF THIS CIRCULAR TOGETHER WITH THE APPENDICES BEFORE VOTING BY WAY OF POLL ON THE RESOLUTION PERTAINING TO THE PROPOSED DISPOSAL TO BE TABLED AT THE FORTHCOMING EGM.

2. DETAILS OF THE PROPOSED DISPOSAL

Subject to the terms and conditions of the SPAs, the Purchaser has agreed to purchase and PP Chin Hin has agreed to sell the Said Properties on an "as is where is" basis, for the Total Disposal Consideration. The breakdown of the Total Disposal Consideration is set out below:

Said Properties	Consideration RM
Rawang Units	7,100,000
Gunung Indah Units	3,600,000
Mergong Units	10,450,000
Total	21,150,000

Further information on the Said Properties are set out in the ensuing sections. The valuation certificates for the Said Properties are set out in Appendix I.

[The rest of this page is intentionally left blank]

2.1 Details of Rawang Units

A summary of the details of the Rawang Units, which are held under 5 separate titles, are as follows:

Lot No.	PT 6366	PT 6365	PT 6364	PT 6363	PT 6362
Title No.	HSD 63311	HSD 63310	HSD 63309	HSD 63308	HSD 63307
Mukim / District / State	Bandar Rawang, District of Gombak, Selangor Darul Ehsan				
Postal address	No. A-23, A-23A, A-25, A-26 and A-27, Jalan Reef 1/1, Pusat Perniagaan Reef, 48000 Rawang, Selangor Darul Ehsan				
Description of property	5 adjoining units of 3 storey intermediate shopoffices				
Tenure	Leasehold 99 years expiring on 27 June 2107				
Age of building (approximate)	7 years				
Land area (square metres)	153.3	153.3	153.3	153.3	153.3
Gross floor area (square metres)	459.9	459.9	459.9	459.9	459.9
Existing usage ⁽¹⁾	Ground floor is vacant. First and second floors are tenanted to related party and used as hotel	Ground, first and second floors are tenanted to related party and used as hotel	Ground floor is tenanted to third party for retail purposes. First and second floors are tenanted to related party and used as hotel	Ground floor is tenanted to third party for retail purposes. First and second floors are tenanted to related party and used as hotel	Ground floor is tenanted to third party for retail purposes. First and second floors are tenanted to related party and used as hotel
Lettable area (square metres)	443.5	443.5	443.5	443.5	443.5
Lettable area available (square metres)	136.9	-	-	-	-
Occupancy rate (%)	69.1	100.0	100.0	100.0	100.0
Annual rental (FYE 31 December 2017)	RM39,600	RM99,000	RM93,600	RM94,800	RM93,600
Date of investment	16 July 2008				
Cost of investment (RM million)	4.14				
Valuer	CBRE WTW				
Date of valuation	2 May 2018				
Method of valuation	Comparison approach and income approach (investment method)				
Market value (RM million)	7.10				

Lot No.	PT 6366	PT 6365	PT 6364	PT 6363	PT 6362
NBV as at 31 December 2017 ⁽ⁱ⁾ (RM million)			7.10		
Registered owner				PP Chin Hin	
Encumbrances				Charged to HSBC Bank Malaysia Berhad	
Restriction in interest				Tanah ini boleh dipindahmilik, dipajak atau digadai setelah mendapat kebenaran Pihak Berkuasa Negeri	

Notes:

(i) The hotel is operated under the name "The Leverage Business Hotel". As at the LPD, the hotel is owned by Chin Hin Hotel, which in turn is 50% owned by Chiau Beng Soo and 50% owned by Coromax Sdn Bhd. The directors of Chin Hin Hotel are Chiau Beng Soo and Chiau Haw Choon. Chiau Haw Choon is also the director and major shareholder of Chin Hin.

(ii) The land and buildings of Chin Hin Group were revalued in March 2013 and is carried at fair value. As such the NBV for the Rawang Units as at 31 December 2017 is much higher than its cost of investment.

2.2 Details of Gunung Indah Units

A summary of the details of the Gunung Indah Units, which are held under 3 separate titles, are as follows:

Lot No.	PT 14215 (Resurveyed Lot 2256)	Lot 2257	Lot 2258
Title No.	HSM 12099	GM 26465	GM 26466
Mukim / District / State	Section 48, Town of Alor Setar, District of Kota Setar, Kedah Darul Aman		
Postal address	No. 48, 49 and 50, Taman Gunung Indah, Jalan Kuala Kedah, 05400 Alor Setar, Kedah Darul Aman		
Description of property	3 adjoining units of 3 storey shopoffices		
Tenure	Term in perpetuity (freehold)		
Age of building (approximate)	12 years		
Land area (square metres)	265	143	143
Gross floor area (square metres)	739.1	428.9	428.9
Existing usage ⁽ⁱ⁾	Ground floor is tenanted to third party for retail purposes. First and second floors are tenanted to related party used as hotel	Ground floor is tenanted to third party for retail purposes. First and second floors are tenanted to related party used as hotel	Ground, first and second floors are tenanted to related party and used as hotel
Lettable area (square metres)	677.5	414.6	414.6

Lot No.	PT 14215 (Resurveyed Lot 2256)	Lot 2257	Lot 2258
Lettable area available (square metres)	-	-	-
Occupancy rate (%)	100.0	100.0	100.0
Annual rental (FYE 31 December 2017)	RM88,800	RM52,200	RM55,800
Date of investment	23 May 2006		
Cost of investment (RM million)	1.67		
Valuer	CBRE WTW		
Date of valuation	2 May 2018		
Method of valuation	Comparison approach and income approach (investment method)		
Market value (RM million)	3.60		
NBV as at 31 December 2017 ⁽ⁱⁱ⁾ (RM million)	3.52		
Registered owner	PP Chin Hin		
Encumbrances	Charged to Maybank Islamic Berhad		

Notes:

- (i) The hotel is operated under the name "The Leverage Business Hotel". As at the LPD, the hotel is owned by Chin Hin Hotel, which in turn is 50% owned by Chiau Beng Soo and 50% owned by Coromax Sdn Bhd. The directors of Chin Hin Hotel are Chiau Beng Soo and Chiau Haw Choon. Chiau Haw Choon is also the director and major shareholder of Chin Hin.
- (ii) The land and buildings of Chin Hin Group were revalued in March 2013 and is carried at fair value. As such the NBV for the Gunung Indah Units as at 31 December 2017 is much higher than its cost of investment.

2.3 Details of Mergong Units

A summary of the details of the Mergong Units, which are held under 9 separate titles, are as follows:

Lot No.	PT 1228 to PT 1236 (Resurveyed as Lot 8384 to 8392)
Title No.	HSM 14308 to HSM 14316
Mukim / District / State	Town of Alor Setar, District of Kota Setar, Kedah Darul Aman
Postal address	No. 10, 11, 12, 13, 15, 16, 17, 18 and 19 Taman Bandar Baru Mergong, 05150 Alor Setar, Kedah Darul Aman
Description of property	9 adjoining units of 3 storey shopoffices
Tenure	Term in perpetuity
Age of building (approximate)	11 years
Land area (square metres)	1,470
Gross floor area (square metres)	3,895
Existing usage	The ground floors of 2 units are vacant whilst the remaining units are tenanted as hotel or for retail purposes.
Lettable area (square metres)	3,720
Lettable area available (square metres)	234.1
Occupancy rate (%)	93.7
Date of investment	19 November 2007
Cost of investment (RM million)	4.81
Valuer	CBRE WTW
Date of valuation	2 May 2018
Method of valuation	Comparison approach and income approach (investment method)
Market value (RM million)	10.45
NBV as at 31 December 2017 ⁽ⁱ⁾ (RM million)	9.75
Registered owner	PP Chin Hin
Encumbrances	Charged to Maybank Islamic Berhad
Restriction in interest	Di tegah tuan tanah membuat sebarang perikaraan (dealings) di atas tanah yang hendak dimajukan sebagai tapak perniagaan itu melainkan tuan tanah bina dan peliharakan simpanan jalan itu dan taruh batu dan tar menurut taraf Jabatan Kerja Raya serta mendapat sokongan daripada Jabatan Kerja Raya bahawa jalan-jalan dan parit-parit itu dapat disempurnakan

Note:

⁽ⁱ⁾ The land and buildings of Chin Hin Group were revalued in March 2013 and is carried at fair value. As such the NBV for the Mergong Units as at 31 December 2017 is much higher than its cost of investment.

Further details of the Mergong Units are set out below:

No	Lot No	Title No	Premise No	Land Area	Gross Floor Area	Lettable Area	Annual rental (FYE 31 December 2017)	⁽ⁱ⁾ Existing Usage
					square metres		RM	
(1)	PT 1228 (Resurveyed as Lot 8392)	HSM 14308	No. 10	149	390.2	377.2	52,800	Ground, first and second floors are tenanted to related party and used as hotel
(2)	PT 1229 (Resurveyed as Lot 8391)	HSM 14309	No. 11	149	390.2	377.2	52,800	Ground, first and second floors are tenanted to related party and used as hotel
(3)	PT 1230 (Resurveyed as Lot 8390)	HSM 14310	No. 12	149	390.2	377.2	52,800	Ground, first and second floors are tenanted to related party and used as hotel
(4)	PT 1231 (Resurveyed as Lot 8389)	HSM 14311	No. 13	149	390.2	377.2	52,800	Ground, first and second floors are tenanted to related party and used as hotel
(5)	PT 1232 (Resurveyed as Lot 8388)	HSM 14312	No. 15	149	390.2	377.2	53,400	Ground floor is tenanted to third party for retail purposes. First and second floors are tenanted to related party and used as hotel
(6)	PT 1233 (Resurveyed as Lot 8387)	HSM 14313	No. 16	149	390.2	377.2	19,800	Ground floor is vacant. First and second floors are tenanted to related party and used as hotel
(7)	PT 1234 (Resurveyed as Lot 8386)	HSM 14314	No. 17	149	390.2	377.2	19,800	Ground floor is vacant. First and second floors are tenanted to related party and used as hotel

No	Lot No	Title No	Premise No	Land Area	Gross Floor Area	Lettable Area	Annual rental (FYE 31 December 2017)	(i) Existing Usage	
								square metres	RM
(7)	PT 1234 (Resurveyed as Lot 8386)	HSM 14314	No. 17	149	390.2	377.2	19,800	Ground floor is vacant. First and second floors are tenanted to related party and used as hotel	
(8)	PT 1235 (Resurveyed as Lot 8385)	HSM 14315	No. 18	149	390.2	377.2	33,000	Ground floor is tenanted to third party for retail purposes. First and second floors are tenanted to related party and used as hotel	
(9)	PT 1236 (Resurveyed as Lot 8384)	HSM 14316	No. 19	278	773.4	702.7	103,950	Ground, first and second floors are tenanted to third party and used as bank	

Note:

(i) The hotel is operated under the name "The Leverage Business Hotel". As at the LPD, the hotel is owned by Chin Hin Hotel, which in turn is 50% owned by Chiau Beng Soo and 50% owned by Coromax Sdn Bhd. The directors of Chin Hin Hotel are Chiau Beng Soo and Chiau Haw Choon. Chiau Haw Choon is also the director and major shareholder of Chin Hin.

[The rest of this page is intentionally left blank]

2.4 Salient terms of the SPAs

- (i) The Purchaser has on 6 June 2018 entered into the SPAs for the sale and purchase of Rawang Units, Gunung Indah Units and Mergong Units.

The Purchaser and the Vendor have acknowledged and agreed that the SPAs for the Said Properties are sold on an en-bloc basis and the Purchaser shall be required to complete the SPAs for all the Said Properties simultaneously or on or around the same time. In the event that, any one of the said sale and purchase agreement is not completed or any of the Said Properties cannot be registered at the appropriate Land Registry or Land Office, free from encumbrances whatsoever, then all the SPAs for all the Said Properties shall be terminated.

- (ii) Agreement for sale and purchase

The Vendor agrees to sell and the Purchaser agrees to purchase the Said Properties on an "as is where is basis" subject to the existing tenancies free from all caveats, liens, charges and encumbrances for the Total Disposal Consideration.

- (iii) Manner of payment

- (a) Upon the execution of the SPAs, the Purchaser shall pay a 10% deposit as part payment towards the Total Disposal Consideration, in the following manner:
- (aa) pay to the Vendor's solicitors as stakeholders the retention sum, being 3% of the Total Disposal Consideration; and
 - (bb) pay to the Vendor the balance deposit, being 7% of the Total Disposal Consideration.
- (b) The 90% of the Total Disposal Consideration, being the "**Balance Total Disposal Consideration**" shall be paid by the Purchaser to the Vendor's solicitors as stakeholders within the completion period. The completion period is 3 months from the unconditional date, being the date all the conditions precedent are either fulfilled or mutually waived by the parties.
- (c) In the event the Purchaser is unable to pay the Balance Total Disposal Consideration within the completion period, the Vendor automatically grants the Purchaser an extension of 1 month to pay the Balance Total Disposal Consideration provided that the Purchaser shall pay the Vendor interest at 8% per annum on the outstanding Balance Total Disposal Consideration or any part thereof calculated from the day following the expiry of the completion period until the date of full settlement.
- (d) The Vendor hereby expressly agree that in the event the Vendor and/or the Vendor's solicitors and/or the existing chargee of the Said Properties takes more time than as prescribed under the SPAs to perform any obligations imposed, the completion period shall, accordingly, be extended free of interest by the aggregate number of days of delay by the Vendor and/or the Vendor's solicitors and/or the existing chargee in performing such obligations.

(iv) Conditions precedent

The SPAs are conditional upon the following conditions being fulfilled within the conditional period, being 6 months from the date of the SPAs:

- (a) the Vendor shall have obtained the approval of the shareholders of Chin Hin, at an EGM, for the sale of the Said Properties pursuant to the terms of the SPAs; and
- (b) the Vendor and the Purchaser shall have obtained the relevant State Authority's written consent and/or approval to transfer and charge the Rawang Units to the Purchaser and the Purchaser's financier.

(v) Default / termination

- (a) If the Purchaser shall fail to pay the Balance Total Disposal Consideration or any part thereof in accordance with the provisions of the SPAs, the Vendor shall be entitled to terminate the SPAs by a notice in writing to the Purchaser whereupon the deposit shall be absolutely forfeited by the Vendor and all other monies paid pursuant to the SPAs shall be refunded free of interest by the Vendor to the Purchaser.
- (b) If the Vendor shall default, neglect or refuse to complete the sale, the Purchaser shall be entitled to either:
 - (aa) take such action to enforce the SPAs by applying for a decree of specific performance and all costs and expenses that may be incurred by the Purchaser in connection therewith shall be borne by the Vendor; or
 - (bb) to terminate the SPAs by a notice in writing to the Vendor whereupon the deposit and all monies paid shall be refunded free of interest by the Vendor to the Purchaser. In addition thereto, the Vendor shall pay a sum equivalent to 10% of the Total Disposal Consideration to the Purchaser as agreed liquidated damages for the Vendor's breach.

2.5 Basis and justification on arriving at the Total Disposal Consideration

The Board arrived at the Total Disposal Consideration after taking into account the market values of the Said Properties as appraised by CBRE | WTW and the audited NBV of the Said Properties as at 31 December 2017.

Two methods of valuation were used to value the Said Properties by CBRE | WTW which are the comparison approach and income approach (investment method). CBRE | WTW had assessed the total market value of the Said Properties to be a total of RM21,150,000 based on the aforementioned methods:

Valuation method	Description
Comparison approach	An analysis of recent transactions and asking prices of similar property in and around the locality for comparison purposes with adjustments made for differences in location, accessibility or visibility, size, tenure, shape, type of development and other relevant characteristics to arrive at the market value.

Valuation method	Description
Income approach (Investment method)	Entails determining the net current annual income by deducting the annual outgoings from the gross annual income and capitalising the net income by a suitable rate of return consistent with the type and quality of investment to arrive at the market value.

The disposal consideration, market values and NBV of the Said Properties are as follows:

Said Properties	Disposal consideration	Market value	Audited NBV	Difference between disposal consideration and NBV
	RM	RM	RM	RM
Rawang Units	7,100,000	7,100,000	7,100,000	-
Gunung Indah Units	3,600,000	3,600,000	3,520,000	80,000
Mergong Units	10,450,000	10,450,000	9,750,000	700,000
	21,150,000	21,150,000	20,370,000	780,000

The consideration represents the total market values as appraised by CBRE | WTW and is at a premium of RM780,000 or 3.8% to the NBV of the Said Properties. As such, the Total Disposal Consideration is deemed reasonable.

2.6 Liabilities to be assumed by Purchaser

Save for the obligations and liabilities arising from or in connection with the SPAs pursuant to the Proposed Disposal, there are no other liabilities, contingent liabilities and/or guarantees to be assumed by the Purchaser.

2.7 Utilisation of proceeds

The Company intends to utilise the Total Disposal Consideration in the following manner:

	RM'000	Notes	Expected time frame (from the completion of the Proposed Disposal)
Repayment of bank borrowings	15,000	(a)	Within 3 months
Working capital to purchase inventories	5,150	(b)	Within 12 months
Estimated expenses for the Proposed Disposal	1,000	(c)	Within 3 months
Total estimated proceeds	21,150		

Notes:

- (a) The Company proposes to utilise RM15.00 million of the proceeds to repay part of the existing bank borrowings of Chin Hin Group, which amounted to approximately RM492.57 million as at LPD. The repayment will be made for the following:
- (i) RM14.00 million to reduce the bankers' acceptance from Maybank Islamic Berhad; and
 - (ii) RM1.00 million to repay the revolving credit by Al Rajhi Banking and Investment Corporation (Malaysia) Bhd.

The proposed repayment is expected to result in annual interest savings of approximately RM0.61 million based on the interest rate of 4.0% per annum for the bankers' acceptance and 5.4% for the revolving credit.

- (b) Working capital requirements is for the Group to purchase inventories such as steel bars, cement and plywood.
- (c) The estimated expenses consist of fees payable to the relevant authorities, professional fees, valuation fees, real properties gain tax and other miscellaneous expenses. If the actual expense incurred pursuant to the Proposed Disposal is higher than the amount budgeted, the deficit will be funded out of the portion allocated for working capital. Conversely, if the actual expense is lower than the amount budgeted, the excess will be utilised for working capital.

Until the proceeds raised from the Proposed Disposal are fully used, the Group will place these proceeds (including accrued interest, if any) in interest-bearing deposit accounts with licensed financial institutions. The interest from the deposits with financial institutions will be used as additional working capital for the Group.

3. BACKGROUND INFORMATION ON THE PURCHASER

3.1 Information on CHBMS

CHBMS was incorporated on 15 July 2005 under the Companies Act, 1965 as a private limited company. Its principal activity is investment in properties.

As at LPD, the issued and paid-up share capital of CHBMS is RM500,000 comprising 500,000 ordinary shares.

The directors of CHBMS are Datuk Seri Chiau Beng Teik, Datin Seri Wong Mee Leng and Chiau Haw Choon. CHBMS is wholly-owned by PP Chin Hin Realty.

3.2 Information on PP Chin Hin Realty

PP Chin Hin Realty was incorporated on 6 October 2011 under the Companies Act, 1965 as a private limited company. It is principally involved in investment holding and property development.

As at LPD, the issued and paid-up share capital of PP Chin Hin Realty is RM88,000,000 comprising 88,000,000 ordinary shares.

The directors of PP Chin Hin Realty are Datuk Seri Chiau Beng Teik and Chiau Haw Choon. The substantial shareholders of PP Chin Hin Realty are:

Name	Nationality	Direct		Indirect	
		No. of shares	%	No. of shares	%
Datuk Seri Chiau Beng Teik	Malaysian	48,399,999	55.0	-	-
Chiau Haw Choon	Malaysian	26,400,000	30.0	-	-
Datin Seri Wong Mee Leng	Malaysian	13,200,000	15.0	-	-

4. RATIONALE FOR THE PROPOSED DISPOSAL

The Group is principally involved in distribution of building materials and provision of logistics, supply of ready-mixed concrete, manufacturing of autoclaved aerated concrete, precast concrete products and wire mesh.

The Said Properties are shop offices which are not used for any of the Group's business operations and are non-core assets of the Group. The Proposed Disposal provides an avenue for the Group to realise its investment in these non-core assets at their market values; and raise cash proceeds which can be channelled towards the Group's business operations.

The Proposed Disposal will also reduce the administrative time and effort required to monitor the Said Properties and will enable the Group to focus its resources on its core businesses.

Separately, the Proposed Disposal will enable the Group to part repay its bank borrowings, which will:

- (i) reduce the Group's gearing level; and
- (ii) improve the Group's cash flow position due to the lower interest expense.

5. RISK FACTORS

Save as disclosed below, the Board believes that the Proposed Disposal will not result in a material change in the risk profile of the Group as:

- (i) The Said Properties are not used for any of the Group's business operations and the Group is not dependent on the Said Properties. As such, the disposal of such non-core assets will not have a significant effect on the existing operations of the Group as it will not disrupt any of the Group's operations; and
- (ii) The Said Properties are rented out and generate annual rental income of approximately RM1.1 million for the Group, which is only 0.11% of the Group's audited revenue for the FYE 31 December 2017. As such, the Proposed Disposal will not have a significant adverse impact on the Group's earnings and working capital.

5.1 The Proposed Disposal may not be completed within the agreed time period

The completion of the Proposed Disposal is conditional upon the fulfilment or waiver (as the case may be) of the conditions precedent under the SPAs as set out in Section 2.4. There is no assurance that the Proposed Disposal can be completed within the time period permitted under the SPAs. In the event that the conditions precedent are not obtained or fulfilled within the stipulated time period or in the event any approvals shall contain terms which are not acceptable to the parties to the SPAs, the said parties may either mutually extend the stipulated period or terminate the SPAs.

Nevertheless, the Group and the Purchaser shall endeavour to fulfil all its obligations and proactively engage with third parties to obtain all the necessary documents required for the completion of the Proposed Disposal within the timeframe stipulated in the SPAs. However, should there be any delay beyond the agreed timeframe, the Board shall endeavour to negotiate to mutually extend the timeframe prior to its expiry.

6. EFFECTS OF THE PROPOSED DISPOSAL

The effects of the Proposed Disposal on the issued share capital, substantial shareholders' shareholdings, NA, gearing level and earnings of the Company are set out below:

6.1 Issued share capital and substantial shareholders' shareholding

The Proposed Disposal will not have any effect on the issued share capital of Chin Hin and the substantial shareholders' shareholdings in Chin Hin.

6.2 NA and gearing

Based on the audited consolidated financial statements of Chin Hin as at 31 December 2017, the pro forma effects of the Proposed Disposal on the consolidated NA and gearing of the Group on the assumption that the Proposed Disposal had been effected on 31 December 2017, are as follows:

	Audited as at 31 December 2017	After the Proposed Disposal
	RM'000	
Share capital	325,796	325,796
Foreign currency translation reserve	313	313
Merger reserve	(153,192)	(153,192)
Revaluation reserve	8,768	8,768
Retained profit	217,866	⁽¹⁾ 217,696
Total equity	399,551	399,381
No. of shares ('000)	556,388	556,388
NA per share (RM)	0.72	0.72
Borrowings	385,006	⁽²⁾ 370,006
Gearing ratio (times)	0.96	0.93

Notes:

- (1) After taking into consideration the estimated gain on disposal of RM0.78 million and estimated expenses for the Proposed Disposal (inclusive the real properties gain tax) of approximately RM0.95 million.
- (2) After taking into consideration the repayment of borrowings of RM15.00 million arising from the Proposed Disposal.

6.3 Earnings and EPS

For illustrative purposes, the pro forma effects of the Proposed Disposal on the earnings and EPS of the Group, based on the audited consolidated financial statements of Chin Hin as at 31 December 2017, and on the assumption that the Proposed Disposal had been effected on 1 January 2017, being the beginning of the financial year of the Group, are set out below:

	Audited as at 31 December 2017	Pro forma after the Proposed Disposal
	RM'000	
Profit for the financial year	29,612	29,612
Add: expected gain on Proposed Disposal ⁽¹⁾	-	780
Less: estimated expenses of the Proposed Disposal	-	950
Less: rental income from the Said Properties ⁽¹⁾	-	820
Add: interest savings as a result of the Proposed Disposal ⁽¹⁾	-	463
Pro forma profit for the financial year	29,612	29,085
No. of shares ('000)	556,388	556,388
EPS (sen)	5.32	5.23

Note:

⁽¹⁾ After taking into consideration the income tax effect computed at 24%.

7. APPROVALS REQUIRED

The Proposed Disposal is subject to the approvals and/or consents being obtained from the following:

- (a) shareholders of Chin Hin at an EGM to be convened;
- (b) State Authority for the transfer of the Said Properties (where relevant); and
- (c) any other relevant authorities and/or parties, if required.

The Proposed Disposal is not conditional upon any other corporate exercise/scheme undertaken or to be undertaken by Chin Hin.

8. INTERESTS OF DIRECTORS AND MAJOR SHAREHOLDERS AND/OR PERSONS CONNECTED WITH THEM

Datuk Seri Chiau Beng Teik and Chiau Haw Choon (collectively known as "**Interested Parties**") are both Directors and major shareholders of Chin Hin. They are also Directors and major shareholders of PP Chin Hin Realty. As such, the Proposed Disposal is deemed a related party transaction pursuant to Paragraph 10.08 of the Listing Requirements by virtue of the Interested Parties' common directorships and substantial shareholdings in Chin Hin and PP Chin Hin Realty.

Separately, Datin Seri Wong Mee Leng, a person connected with Interested Parties is also deemed interested in the Proposed Disposal. Datin Seri Wong Mee Leng is the spouse of Datuk Seri Chiau Beng Teik and mother of Chiau Haw Choon and she also has substantial indirect shareholdings in both Chin Hin and PP Chin Hin Realty.

Save for the Interested Parties, none of the other Directors and major shareholders of Chin Hin and person connected with them has any interests, direct or indirect in the Proposed Disposal.

The Interested Parties have abstained and will continue to abstain from all deliberations and voting in relation to the Proposed Disposal at the relevant Board meetings. The Interested Parties have also undertaken to ensure that the persons connected to them (if any) will also abstain from voting in respect of his/her direct and/or indirect shareholdings in Chin Hin on the resolution pertaining to the Proposed Disposal to be tabled at the EGM to be convened.

As at LPD, the direct and indirect shareholdings of Datuk Seri Chiau Beng Teik, Chiau Haw Choon and Datin Seri Wong Mee Leng in Chin Hin are set out below:

Name	Direct		Indirect	
	No. of shares	%	No. of shares	%
Datuk Seri Chiau Beng Teik	146,155,100	26.57	⁽¹⁾ 188,932,800	34.35
Chiau Haw Choon	10,750,000	1.95	⁽¹⁾ 188,932,800	34.35
Datin Seri Wong Mee Leng	-	-	⁽¹⁾ 188,932,800	34.35

Note:

⁽¹⁾ Deemed interested for the shares held by Divine Inventions Sdn Bhd pursuant to Section 8 of the Companies Act, 2016

9. TOTAL AMOUNT TRANSACTED WITH INTERESTED PARTIES

The total amount transacted between Chin Hin Group and the Interested Parties and/or persons connected to the Interested Parties in the preceding 12 months (including the recurrent related party transactions under the shareholders' mandate obtained at the 4th annual general meeting of Chin Hin held on 31 May 2018 but excluding the directors' remuneration in the ordinary course of business) is approximately RM18.08 million.

10. TENTATIVE TIMETABLE

Barring any unforeseen circumstances, the Board expects the Proposed Disposal to be completed by the first quarter of 2019.

The tentative timetable for the implementation of the Proposed Disposal is as follows:

Events	Tentative timeline
EGM	November 2018
Fulfilment of the conditions precedent for the Proposed Disposal	December 2018
Completion of the Proposed Disposal	March 2019

11. AUDIT COMMITTEE'S STATEMENT

The Audit Committee of Chin Hin, having considered all aspects of the Proposed Disposal, including but not limited to the rationale and the effects, as well as having sought the advice of the Independent Adviser, is of the opinion that the Proposed Disposal is:

- (i) in the best interest of the Group;
- (ii) fair, reasonable and on normal commercial terms; and
- (iii) not detrimental to the interest of the non-interested shareholders of the Group.

12. DIRECTORS' STATEMENT AND RECOMMENDATION

After considering all aspects of the Proposed Disposal, including the rationale and benefits and basis and justification of arriving at the Total Disposal Consideration, the Board (save for the Interested Parties who have abstained from deliberating and voting in respect of the Proposed Disposal at the relevant Board meetings) is of the opinion that the Proposed Disposal is in the best interest of the Group and its shareholders.

Accordingly, the Board (save for the Interested Parties) recommends that you vote in favour of the resolution for the Proposed Disposal to be tabled at the forthcoming EGM.

13. OUTSTANDING CORPORATE PROPOSALS ANNOUNCED BUT PENDING COMPLETION

As at LPD, save for the Proposed Disposal, the Board is not aware of any other corporate proposal that has been announced but has yet to be completed.

14. EGM

The EGM, the notice of which is enclosed in this Circular, will be held at Chin Hin Culture Centre, F-0-1 & F-0-2, Pusat Perdagangan Kuchai, No. 2, Jalan 1/127, off Jalan Kuchai Lama, 58200 Kuala Lumpur, on Monday, 26 November 2018 at 10.00 a.m. or at any adjournment thereof, for the purpose of considering and, if thought fit, passing with or without modification, the resolution to give effect to the Proposed Disposal.

If you are unable to attend and vote in person at the EGM, you may complete and return the enclosed Form of Proxy in accordance with the instructions contained, to be deposited at the Share Registrar of the Company, Boardroom Corporate Services (KL) Sdn Bhd at Lot 6.05, Level 6, KPMG Tower, 8, First Avenue, Bandar Utama, 47800 Petaling Jaya, Selangor Darul Ehsan, not less than 48 hours before the time appointed for holding the EGM or adjourned meeting at which the person named in the instrument, proposes to vote or, in the case of a poll, not less than 24 hours before the time appointed for the taking of the poll. The lodging of the Form of Proxy will not preclude you from attending the EGM and voting in person should you subsequently wish to do so.

15. FURTHER INFORMATION

Please refer to the appendices of this Circular for further information.

Yours faithfully,
For and on behalf of the Board of Directors of,
CHIN HIN GROUP BERHAD

DATUK SERI DR NIK NORZRUL THANI BIN NIK HASSAN THANI
Independent Non-Executive Chairman

PART B

**IAL TO THE NON-INTERESTED SHAREHOLDERS OF CHIN
HIN IN RELATION TO THE PROPOSED DISPOSAL**

EXECUTIVE SUMMARY

ALL DEFINITIONS USED IN THIS EXECUTIVE SUMMARY SHALL HAVE THE SAME MEANING AS THE WORDS AND EXPRESSIONS PROVIDED IN THE "DEFINITIONS" SECTION OF THE CIRCULAR, EXCEPT WHERE THE CONTEXT OTHERWISE REQUIRES OR WHERE OTHERWISE DEFINED IN THIS IAL.

THIS EXECUTIVE SUMMARY HIGHLIGHTS ONLY THE PERTINENT INFORMATION OF THE PROPOSED DISPOSAL. NON-INTERESTED SHAREHOLDERS ARE ADVISED TO READ CAREFULLY THE CONTENTS OF THIS IAL IN ITS ENTIRETY FOR FURTHER INFORMATION AND THE RECOMMENDATIONS FROM FHCA, BEING THE INDEPENDENT ADVISER IN RELATION TO THE PROPOSED DISPOSAL. THIS IAL SHOULD ALSO BE READ IN CONJUNCTION WITH PART A OF THE CIRCULAR, INCLUDING THE APPENDICES THEREIN, FOR ANY OTHER RELEVANT INFORMATION BEFORE VOTING ON THE RESOLUTION PERTAINING TO THE PROPOSED DISPOSAL AT THE FORTHCOMING EGM OF CHIN HIN.

On 6 June 2018, M&A Securities, on behalf of the Board, announced that PP Chin Hin Realty had entered into the SPAs with CHBMS for the proposed disposal by PP Chin Hin of the Said Properties for a Total Disposal Consideration of RM21.15 million.

The Proposed Disposal is deemed as related party transaction pursuant to Paragraph 10.08 of the Listing Requirements as certain directors and major shareholders of the Company have direct or indirect interest in the Proposed Disposal as described in Section 8, Part A of the Circular. Accordingly, the Board had on 4 April 2018 appointed FHCA as the Independent Adviser ("IA") to advise the non-interested directors and non-interested shareholders of the Company in relation to the fairness and reasonableness of the Proposed Disposal.

The purpose of this IAL is to provide the non-interested directors and the non-interested shareholders of the Company with an independent evaluation of the Proposed Disposal, to form an opinion as to whether the Proposed Disposal is fair and reasonable in so far as the shareholders of the Company are concerned and whether the Proposed Disposal is to the detriment of the non-interested shareholders as well as to provide a recommendation thereon on the voting of the resolution pertaining to the Proposed Disposal to be tabled at the forthcoming EGM, subject to the limitation of our role and evaluation as explained herein.

In arriving at our opinion and recommendation on the Proposed Disposal, we had taken into consideration the following bases and analyses:

1. RATIONALE OF THE PROPOSALS

The Group is primarily involved in the distribution of building materials and provision of logistics, supply of ready-mixed concrete, manufacturing of autoclaved aerated concrete, precast concrete products and wire mesh.

The Proposed Disposal involves shop offices which are currently not used by any of the Group's businesses and are considered as non-core assets of the Group. With the Proposed Disposal, the Group will be able to utilise the proceeds from the Proposed Disposal to repay its bank borrowings in order to reduce its gearing and improve its cash flow position. With that, the Group will be able to concentrate its resources better to grow its current core businesses.

Further information on the rationale for the Proposed Disposal is as set out in Section 5 of this IAL.

2. EVALUATION OF THE PROPOSED DISPOSAL

2.1 Justification for the Total Disposal Consideration

The Total Disposal Consideration of RM21.15 million was negotiated on a willing buyer and willing seller basis after taking into consideration the market values of the Said Properties as appraised by CBRE | WTW and the NBV based on the latest audited consolidated statements of financial position of Chin Hin as at 31 December 2017.

Details of the valuation of the Said Properties are as follows:

No	Address	Type	Land Area (sq metres)	Primary Valuation Method	Market Value (RM' million)
RAWANG UNITS					
1	A-23, Jalan Reef 1/1, Pusat Perniagaan Reef, 48000 Rawang, Selangor	Intermediate	153.3	Comparison Approach	1.42
2	A-23A, Jalan Reef 1/1, Pusat Perniagaan Reef, 48000 Rawang, Selangor	Intermediate	153.3	Comparison Approach	1.42
3	A-25, Jalan Reef 1/1, Pusat Perniagaan Reef, 48000 Rawang, Selangor	Intermediate	153.3	Comparison Approach	1.42
4	A-26, Jalan Reef 1/1, Pusat Perniagaan Reef, 48000 Rawang, Selangor	Intermediate	153.3	Comparison Approach	1.42
5	A-27, Jalan Reef 1/1, Pusat Perniagaan Reef, 48000 Rawang, Selangor	Intermediate	153.3	Comparison Approach	1.42
MERGONG UNITS					
6	10, Taman Bandar Baru Mergong, 05150 Alor Setar, Kedah	End	149	Comparison Approach	1.20
7	11, Taman Bandar Baru Mergong, 05150 Alor Setar, Kedah	Intermediate	149	Comparison Approach	1.05
8	12, Taman Bandar Baru Mergong, 05150 Alor Setar, Kedah	Intermediate	149	Comparison Approach	1.15
9	13, Taman Bandar Baru Mergong, 05150 Alor Setar, Kedah	Intermediate	149	Comparison Approach	1.05
10	15, Taman Bandar Baru Mergong, 05150 Alor Setar, Kedah	Intermediate	149	Comparison Approach	1.05
11	16, Taman Bandar Baru Mergong, 05150 Alor Setar, Kedah	Intermediate	149	Comparison Approach	1.05
12	17, Taman Bandar Baru Mergong, 05150 Alor Setar, Kedah	Intermediate	149	Comparison Approach	1.05
13	18, Taman Bandar Baru Mergong, 05150 Alor Setar, Kedah	Intermediate	149	Comparison Approach	1.05
14	19, Taman Bandar Baru Mergong, 05150 Alor Setar, Kedah	Corner	149	Comparison Approach	1.80
GUNUNG INDAH UNITS					
15	48, Taman Gunung Indah, Jalan Kuala Kedah, 05400 Alor Setar, Kedah	Corner	265	Comparison Approach	1.64
16	49, Taman Gunung Indah, Jalan Kuala Kedah, 05400 Alor Setar, Kedah	Intermediate	143	Comparison Approach	0.98
17	50, Taman Gunung Indah, Jalan Kuala Kedah, 05400 Alor Setar, Kedah	Intermediate	143	Comparison Approach	0.98
Total Disposal Consideration					21.15

We have reviewed and taken note of the valuation reports dated 3 August 2018 prepared by CBRE|WTW. The Said Properties were valued using the comparison approach as the primary valuation methodology and income approach as a secondary method as the properties are largely tenanted. Comparison approach was conducted based on the recent transactions of similar shoplots in the locality with adjustments made to reflect the differences of the Said Properties against the comparable sales. The valuation certificates by CBRE|WTW are set out in Appendix I of the Circular.

Premised on the above analyses, we are of the opinion that the valuation methods employed and the results thereafter are fair. Further, as the current Total Disposal Consideration of RM21.15 million also represents a 3.9% premium to the NBV of the Said Properties, the Total Disposal Consideration is deemed fair and reasonable.

Further information on the evaluation of the Total Disposal Consideration is set out in Section 6.1 of this IAL.

2.2 Salient terms of the SPAs

Based on our review of the salient terms of the SPAs, we are of the view that the overall terms and conditions of the aforesaid agreements are fair and reasonable and not detrimental to the non-interested shareholders of the Company.

Further information on the evaluation of the salient terms of the SPAs are set out in Section 6.2 this IAL.

3. RISK FACTORS

We take note of the risk factors as disclosed in Section 5, Part A of the Circular.

As the assets form a part of the non-core assets of the Group, there will be no significant effects on the business and operations of the Group. That being said, no assurance can be given that the risk factor as stated in Section 5, Part A of this Circular will not occur.

In evaluating the Proposed Disposal, non-interested shareholders of the Company should carefully consider the said risk factor and its mitigating factor prior to voting on the resolution pertaining to the Proposed Disposal at the forthcoming EGM of the Company. Non-interest shareholders of the Group should also note that the risk factor mentioned therein are not meant to be exhaustive.

Further information on the evaluation of risk factors is set out in Section 7 of this IAL.

4. EFFECTS OF THE PROPOSALS

- a. The Proposed Disposal will not have any effect on the issued share capital nor the substantial shareholders' shareholding in the Company.
- b. The Proposed Disposal will reduce the gearing ratio of the Group from 0.96 times to 0.93 times after taking into consideration the proposed repayment of bank borrowings from the Total Disposal Consideration. There will be no material effects to the NA per share.
- c. the Proposed Disposal will not have material effects on the earnings and EPS of the Group.

Based on the above, we are of the opinion that the effects of the Proposed Disposal is fair and reasonable and not to the detriment of the non-interested shareholders of the Company.

Further information on the evaluation of the effects of the Proposed Disposal is set out in Section 8 of this IAL.

5. CONCLUSION AND RECOMMENDATION

Premised on our overall assessment of the Proposed Disposal, we are of the opinion that the Proposed Disposal are **FAIR AND REASONABLE** and **NOT DETRIMENTAL** to the interests of the non-interested shareholders of the Company.

Accordingly, we recommend that the non-interested shareholders VOTE IN FAVOUR of the ordinary resolution pertaining to the Proposed Disposal to be tabled at the forthcoming EGM of the Company.

We have not taken into consideration any specific investment objective, financial situation or particular need of any individual non-interested shareholders. We recommend that any non-interested shareholders who require advice in relation to the Proposed Disposal in the context of their individual investment objectives, financial situation or particular needs, consult their respective stockbrokers, bank managers, accountants, solicitors or other professional advisers.

NON-INTERESTED SHAREHOLDERS OF CHIN HIN ARE ADVISED TO READ BOTH THIS IAL AND PART A OF THE CIRCULAR TOGETHER WITH THE ACCOMPANYING APPENDICES AND CAREFULLY CONSIDER THE RECOMMENDATION CONTAINED HEREIN BEFORE VOTING ON THE RESOLUTION PERTAINING TO THE PROPOSED DISPOSAL TO BE TABLED AT THE FORTHCOMING EGM OF THE COMPANY.

Date: 30 October 2018

To: The Non-Interested Shareholders of Chin Hin Group Berhad

Dear Sir/Madam,

**CHIN HIN GROUP BERHAD ("CHIN HIN" OR THE "COMPANY")
PROPOSED DISPOSAL**

1 INTRODUCTION

This Independent Advice Letter ("IAL") is prepared for inclusion in the circular to shareholders of the Company dated 30 October 2018 in relation to the Proposed Disposal ("Circular") and should be read in conjunction with the same. All definitions used in this IAL shall have the same meaning as the words and expressions provided in the definitions section of the Circular, except where the context otherwise requires or where otherwise defined herein.

On 6 June 2018, M&A Securities, on behalf of the Board, announced that PP Chin Hin had entered into the SPAs with CHBMS for the proposed disposal by PP Chin Hin of the Said Properties for a Total Disposal Consideration of RM21.15 million.

The Proposed Disposal is deemed as related party transaction pursuant to Paragraph 10.08 of the Listing Requirements as certain directors and major shareholders of the Company have direct or indirect interest in the Proposed Disposal as described in Section 8, Part A of the Circular. Accordingly, the Board had on 4 April 2018 appointed FHCA as the Independent Adviser ("IA") to advise the non-interested directors and non-interested shareholders of the Company in relation to the fairness and reasonableness of the Proposed Disposal.

The purpose of this IAL is to provide the non-interested directors and the non-interested shareholders of the Company with an independent evaluation of the Proposed Disposal, to form an opinion as to whether the Proposed Disposal is fair and reasonable in so far as the shareholders of the Company are concerned and whether the Proposed Disposal is to the detriment of the non-interested shareholders as well as to provide a recommendation thereon on the voting of the resolution pertaining to the Proposed Disposal to be tabled at the forthcoming EGM, subject to the limitation of our role and evaluation as explained herein.

Other than for this intended purpose, this IAL should not be used for any other purpose and/or by any other persons and/or reproduced, wholly or partially, without our expressed written consent.

NON-INTERESTED SHAREHOLDERS OF CHIN HIN ARE ADVISED TO READ THIS IAL AND PART A OF THE CIRCULAR TOGETHER WITH THE APPENDICES THEREON, AND TO CAREFULLY CONSIDER THE RECOMMENDATIONS CONTAINED HEREIN BEFORE VOTING ON THE RESOLUTION PERTAINING TO THE PROPOSED DISPOSAL TO BE TABLED AT THE FORTHCOMING EGM OF THE COMPANY.

IF YOU ARE IN DOUBT AS TO THE COURSE OF ACTION TO BE TAKEN, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, ACCOUNTANT, SOLICITOR OR OTHER PROFESSIONAL ADVISER IMMEDIATELY.



BAKER TILLY

Ferrier Hodgson is an affiliation of independent partnerships/entities

SYDNEY
MELBOURNE
ADELAIDE
BRISBANE
PERTH
KUALA LUMPUR
SINGAPORE
TOKYO

Affiliated through:
Zolfo Cooper
CARIBBEAN
UNITED KING
UNITED STATE
KLC Kennic Lui & Co
CHINA
HONG KONG

2 LIMITATIONS TO THE EVALUATION OF THE PROPOSED DISPOSAL

FHCA was not involved in the formulation of the Proposed Disposal or any deliberation and negotiation on the Proposed Disposal. Our role as the IA does not extend to expressing an opinion on the commercial merits of the Proposed Disposal. The assessment of the commercial merits of the Proposed Disposal are solely the responsibility of the Board, although we may draw upon their views in arriving at our opinion. As such, where comments or points of consideration are included on matters, which may be commercially oriented, these are incidental to our overall financial evaluation and concern matters, which we may deem material for disclosure. Further, our terms of reference do not include us rendering an expert opinion on legal, accounting and taxation issues relating to the Proposed Disposal. FHCA's terms of reference as an independent adviser is limited to expressing our independent evaluation of the Proposed Disposal which is based on the sources of information as highlighted below.

We have evaluated the Proposed Disposal and in forming our opinion, we have considered factors, which we believe, would be of relevance and general importance to the non-interested shareholders of the Company. Our evaluation is rendered solely for the benefit of the non-interested shareholders of the Company as a whole.

In rendering our advice, we have taken note of the pertinent issues that we have considered important in enabling us to assess the implications of the Proposed Disposal and therefore of general concern to the non-interested shareholders of the Company. As such:

- (i) The scope of FHCA's responsibility regarding the evaluation and recommendation contained herein is confined to the assessment of the fairness and reasonableness of the Proposed Disposal and other implications of the Proposed Disposal only. Comments or points of consideration which may be commercially oriented such as the rationale and potential benefits of the Proposed Disposal are included in our overall evaluation as we deem it necessary for disclosure purposes to enable the non-interested shareholders of the Company to consider and form their views thereon;
- (ii) FHCA's views and advice as contained in this IAL only caters to the non-interested shareholders of the Company at large and not to any non-interested shareholders individually. Hence, in carrying out our evaluation, we have not given consideration to the specific investment objectives, risk profiles, financial 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 group of non-interested shareholders of the Company 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 objectives, risk profiles, financial and tax situations or particular needs, to consult their respective stockbrokers, bankers, solicitors, accountants or other professional advisers immediately.

We shall not be liable for any damage or loss sustained or suffered by any individual shareholder or any group of shareholders in reliance on the opinion stated herein for any purpose whatsoever which is particular to such individual shareholder or group of shareholders.

In performing our evaluation, we have relied on the following sources of information:

- (i) the SPAs;
- (ii) the Company's annual report for the FYE 31 December 2017;
- (iii) Valuation report on the Rawang Units by Messrs CBRE | WTW dated 3 August 2018;
- (iv) Valuation report on the Mergong Units by Messrs CBRE | WTW dated 3 August 2018;
- (v) Valuation report on the Gunung Indah Units by Messrs CBRE | WTW dated 3 August 2018;
- (vi) information contained in Part A of the Circular and the appendices attached thereto;
- (vii) other relevant information furnished to us by the management of the Company; and
- (viii) other publicly available information which we deemed relevant.

We have made all reasonable enquiries to and have relied on the Board and management of the Company to exercise due care to ensure that all information and documents as mentioned above and all relevant facts, information and representations necessary for our evaluation of the Proposed Disposal has been disclosed to us and that such information is accurate, valid and there is no omission of material facts, which would make any information provided to us incomplete, misleading or inaccurate. The Board has, individually and collectively, accepted full responsibility that all material facts, financial and other information essential to our evaluation have been disclosed to us, that they have seen this IAL, and for the accuracy of the information in respect of the Proposed Disposal (save for those in relation to our evaluation and opinion pertaining to the same) as prepared herein and confirmed that after making all reasonable enquires and to the best of their knowledge and belief, there are no other facts the omission of which would make any statement herein incomplete, false and/or misleading. We have not undertaken an independent investigation into the business of the Company and PP Chin Hin.

Based on the above we are satisfied with the information and documents provided by the Company and PP Chin Hin and are not aware of any fact or matter not disclosed which renders any such information untrue, inaccurate or misleading or the disclosure of which might reasonably affect our evaluation and opinion as set out in this IAL. We have also assumed that the Proposed Disposal will be implemented based on the terms as set out in the SPAs without material waiver or modification.

Our evaluation and recommendation expressed herein are based on prevailing economic, market and other conditions, and the information and/or documents made available to us, as at LPD. Such conditions may change over a short period of time.

Accordingly, our evaluation and recommendation expressed herein do not take into account of the information, events and conditions arising after the date hereof. After the dispatch of this IAL, should FHCA become aware of any significant change affecting the information contained in this IAL or have reasonable grounds to believe that any statement in this IAL is misleading or deceptive or have reasonable grounds to believe that there is material omission in this IAL, we will immediately notify the shareholders. If circumstances require, a supplementary IAL will be sent accordingly to the shareholders.

FHCA confirms that it is not aware of any circumstances which exist or are likely to give rise to a possible conflict of interest situation for FHCA to carry out the role as the IA in connection to the Proposed Disposal. FHCA also confirms that it has not had any professional relationship with the Company in the past two (2) years.

FHCA is an approved corporate financial adviser within the meaning of the Securities Commission's Principal Adviser Guidelines. FHCA has undertaken the role as an independent adviser for corporate exercises in the past two (2) years prior to LPD, which include amongst others, the following:

- (i) the acquisition by ML Global Berhad of the entire equity interest in MITC Engineering Sdn Bhd from MITC Sdn Bhd, an indirect wholly-owned subsidiary of LBS Bina Group Berhad, and Datuk Lim Litt Chek for a total purchase consideration of RM300.0 million and the amendments to its memorandum and articles of association via our letter to shareholders dated 4 November 2016;
- (ii) the acquisition by Borneo Aqua Harvest Berhad ("**Bahvest**") of the entire equity interest in Wullersdorf Resources Sdn Bhd for a total purchase consideration of RM96.0 million and the diversification of the existing core business of Bahvest and its subsidiaries to include the exploration for minerals, mining and other mining related businesses via our letter to shareholders dated 28 December 2016;
- (iii) the acquisition by Raya International Berhad ("**Raya**") of one (1) vessel known as "Sturgeon" for a consideration of RM3.2 million to be satisfied via the issuance of new ordinary shares in Raya and one (1) vessel known as "Straits 1" for a cash consideration of RM2.0 million via cash proceeds raised from the renounceable rights issue together with free warrants via our letter to shareholders dated 25 April 2017;
- (iv) the acquisition by Sedania Innovator Berhad ("**SIB**") of the entire equity interest in Sedania As Salam Capital Sdn Bhd for the purchase consideration of RM12.0 million and the diversification of its existing core business to include financial technology via our letter to shareholders dated 2 June 2017;
- (v) the proposed subscription of 933,334 new ordinary shares by Yong Tai Berhad ("**YTB**") in Iconic Paragon Sdn Bhd ("**IPSB**") for a cash consideration of RM933,334 and the proposed provision of financial assistance of up to RM130.0 million from YTB to IPSB via our letter to shareholders dated 5 October 2017;
- (vi) the disposal by SYF Resources Berhad ("**SYF**") of the entire issued share capital in Great Platform Sdn Bhd ("**Great Platform**"), a wholly-owned subsidiary of SYF, comprising 5,000,000 ordinary shares to Mieco Chipboard Berhad ("**Mieco**") for a cash disposal consideration of RM7,063,341 and the settlement by Mieco of the shareholder's advances owing by Great Platform to SYF of RM51,528,809 via our letter to shareholders dated 30 November 2017;
- (vii) the acquisition by YTB of 2,500,000 ordinary shares in Apple 99 Development Sdn Bhd ("**Apple 99**"), representing the entire equity interest in Apple 99, for a cash consideration of RM15.0 million via our letter to shareholders dated 22 December 2017; and
- (viii) the acquisition by Denko Industrial Corporation Berhad of the entire equity interest in Integrated Manufacturing Solutions Sdn Bhd for a purchase consideration of RM1.19 billion via our letter to shareholders dated 12 January 2018.

Premised on the foregoing, FHCA is capable and competent in carrying out its role and responsibilities as the IA to advise the non-interested directors and non-interested shareholders of the Company on the Proposed Disposal.

3 INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS AND/OR PERSONS CONNECTED WITH THEM

As set out in Section 8, Part A of the Circular, none of the directors or major shareholders of the Company and/or persons connected to them has any interest, direct or indirect, in the Proposed Disposal other than Datuk Seri Chiau Beng Teik and Chiau Haw Choon who are both Directors as well as the major shareholders of both the Company and PP Chin Hin Realty. Chiau Haw Choon is also the son of Datuk Seri Chiau Beng Teik.

Separately, Datin Seri Wong Mee Leng, a person connected with Interested Parties is also deemed interested in the Proposed Disposal. Datin Seri Wong Mee Leng is the spouse of Datuk Seri Chiau Beng Teik and mother of Chiau Haw Choon and she also has substantial indirect shareholdings in both the Company and PP Chin Hin Realty.

Accordingly, the Interested Parties have abstained and will continue to abstain from all deliberations and voting at the relevant board meetings of the Company in respect of the Proposed Disposal. The Interested Parties will also abstain from voting in respect of their direct and/or indirect shareholdings in the Company and have undertaken to ensure persons connected to them will abstain from voting on the resolution pertaining to the Proposed Disposal to be tabled at the forthcoming EGM of the Company.

The shareholdings of the Interested Parties and Datin Seri Wong Mee Leng in the Company as at the LPD are set out below:

Name	-----Direct-----		-----Indirect-----	
	No. of Shares	%	No. of Shares	%
Datuk Seri Chiau Beng Teik	146,115,100	26.57	(1)188,932,800	34.35
Chiau Haw Choon	10,750,000	1.95	(1)188,932,800	34.35
Datin Seri Wong Mee Leng	-	-	(1)188,932,800	34.35

Notes:-

(1) Deemed interested for the shares held by Divine Interventions Sdn Bhd pursuant to Section 8 of the Companies Act, 2016.

4 EVALUATION OF THE PROPOSED DISPOSAL

The full details of the Proposed Disposal are as set out in Section 2, Part A of this Circular and should be read and fully understood in their entirety by the non-interested shareholders.

In evaluating the Proposed Disposal, we have considered the following:

- (i) Rationale for the Proposed Disposal;
- (ii) Evaluation of the Proposed Disposal;
 - (a) Justification for the Total Disposal Consideration;
 - (b) Salient terms of the SPAs;
- (iii) Risk factors; and
- (iv) Effects of the Proposed Disposal.

The views expressed by FHCA in this IAL are based on, amongst others, current economic, market and political conditions prevailing as at the LPD. In this respect, the non-interested shareholders of the Company should take further note of any announcements relevant to their consideration of the Proposed Disposal which may be released after the LPD.

5 RATIONALE OF THE PROPOSED DISPOSAL

The rationale for the Proposed Disposal are as set out in Section 4, Part A of the Circular.

The Group is primarily involved in the distribution of building materials and provision of logistics, supply of ready-mixed concrete, manufacturing of autoclaved aerated concrete, precast concrete products and wire mesh.

The Proposed Disposal involves shop offices which are currently not used by any of the Group's businesses and are considered as non-core assets of the Group. With the Proposed Disposal, the Group will be able to utilise the proceeds from the Proposed Disposal to repay its bank borrowings in order to reduce its gearing and improve its cash flow position. With that, the Group will be able to concentrate its resources better to grow its current core businesses.

Premised on the above, we are of the opinion that the rationale for the Proposed Disposal is reasonable and not detrimental to the interests of the non-interested shareholders of the Company. Nevertheless, the non-interested shareholders of the Company should note that the potential benefits arising from the Proposed Disposal is subject to certain risk factors as disclosed in Section 5, Part A of the Circular.

6 EVALUATION OF THE PROPOSED DISPOSAL

6.1 Justification for the Total Disposal Consideration

The basis and justification on arriving at the Total Disposal Consideration are set out in Section 2.5, Part A of the Circular.

The Total Disposal Consideration of RM21.15 million was negotiated on a willing buyer and willing seller basis after taking into consideration the market values of the Said Properties as appraised by CBRE | WTW and the NBV based on the latest audited consolidated statements of financial position of Chin Hin as at 31 December 2017.

Details of the valuation of the Said Properties are as follows:

No	Address	Type	Land Area (sq metres)	Primary Valuation Method	Market Value (RM' million)
RAWANG UNITS					
1	A-23, Jalan Reef 1/1, Pusat Perniagaan Reef, 48000 Rawang, Selangor	Intermediate	153.3	Comparison Approach	1.42
2	A-23A, Jalan Reef 1/1, Pusat Perniagaan Reef, 48000 Rawang, Selangor	Intermediate	153.3	Comparison Approach	1.42
3	A-25, Jalan Reef 1/1, Pusat Perniagaan Reef, 48000 Rawang, Selangor	Intermediate	153.3	Comparison Approach	1.42
4	A-26, Jalan Reef 1/1, Pusat Perniagaan Reef, 48000 Rawang, Selangor	Intermediate	153.3	Comparison Approach	1.42
5	A-27, Jalan Reef 1/1, Pusat Perniagaan Reef, 48000 Rawang, Selangor	Intermediate	153.3	Comparison Approach	1.42

No	Address	Type	Land Area (sq metres)	Primary Valuation Method	Market Value (RM' million)
MERGONG UNITS					
6	10, Taman Bandar Baru Mergong, 05150 Alor Setar, Kedah	End	149	Comparison Approach	1.20
7	11, Taman Bandar Baru Mergong, 05150 Alor Setar, Kedah	Intermediate	149	Comparison Approach	1.05
8	12, Taman Bandar Baru Mergong, 05150 Alor Setar, Kedah	Intermediate	149	Comparison Approach	1.15
9	13, Taman Bandar Baru Mergong, 05150 Alor Setar, Kedah	Intermediate	149	Comparison Approach	1.05
10	15, Taman Bandar Baru Mergong, 05150 Alor Setar, Kedah	Intermediate	149	Comparison Approach	1.05
11	16, Taman Bandar Baru Mergong, 05150 Alor Setar, Kedah	Intermediate	149	Comparison Approach	1.05
12	17, Taman Bandar Baru Mergong, 05150 Alor Setar, Kedah	Intermediate	149	Comparison Approach	1.05
13	18, Taman Bandar Baru Mergong, 05150 Alor Setar, Kedah	Intermediate	149	Comparison Approach	1.05
14	19, Taman Bandar Baru Mergong, 05150 Alor Setar, Kedah	Corner	149	Comparison Approach	1.80
GUNUNG INDAH UNITS					
15	48, Taman Gunung Indah, Jalan Kuala Kedah, 05400 Alor Setar, Kedah	Corner	265	Comparison Approach	1.64
16	49, Taman Gunung Indah, Jalan Kuala Kedah, 05400 Alor Setar, Kedah	Intermediate	143	Comparison Approach	0.98
17	50, Taman Gunung Indah, Jalan Kuala Kedah, 05400 Alor Setar, Kedah	Intermediate	143	Comparison Approach	0.98
Total Disposal Consideration					21.15

We have reviewed and taken note of the valuation reports dated 3 August 2018 prepared by CBRE | WTW. The Said Properties were valued using the comparison approach as the primary valuation methodology and income approach as a secondary method as the properties are largely tenanted. Comparison approach was conducted based on the recent transactions of similar shoplots in the locality with adjustments made to reflect the differences of the Said Properties against the comparable sales. The valuation certificates by CBRE | WTW are set out in Appendix I of the Circular.

Rawang Units

The Rawang Units comprise 5 adjoining units of 3-storey intermediate shop offices known as No. A-23, A-23A, A-25, A-26 & A-27, Jalan Reef 1/1, Pusat Perniagaan Reef, 48000 Rawang, Selangor. The Rawang units is located about 4 kilometres by road to the south-east of Rawang Town Centre and about 20 kilometres to the north-west of Batu Caves. Rawang Units are easily accessible from Kuala Lumpur city centre Jalan Kuching, Jalan Ipoh, Lebuhraya Rawang, Jalan Rawang and thereafter onto Jalan Reef 1/1 leading to themselves.

We have reviewed and taken note of the valuation report dated 3 August 2018 prepared by CBRE | WTW on the Rawang Units. In arriving at the market value of the Rawang Units, CBRE | WTW has adopted the comparison approach as the primary method of valuation while using the income approach as cross-check.

i) **Comparison Approach**

In arriving at the market value of Rawang units using the comparison approach, CBRE | WTW had analysed the following comparable transactions.

Details	Comparable 1	Comparable 2	Comparable 3
Source	Valuation and Property Services Department (JPPH)	Valuation and Property Services Department (JPPH)	Valuation and Property Services Department (JPPH)
Name	Taman Setia Rawang	Taman Setia Rawang	Rawang Commercial Centre (The Reef)
Title No.	HSM 5920	PM 2521	HSD 63337
Lot No.	PT 11119	Lot 36 Section 19	PT 6392
Mukim	Rawang	Bandar Rawang	Bandar Rawang
District	Gombak	Gombak	Gombak
State	Selangor	Selangor	Selangor
Address	No. 41, Jalan Setia Rawang 1	No. 30, Jalan Setia Rawang 1	B23A, Jalan Reef 1/2
Type	Two (2) storey intermediate shop office	Three (3) storey end lot shop office	Three (3) storey intermediate shop office
Land Area	130.00 square metres (1,399 square feet)	130.00 square metres (1,399 square feet)	153.30 square metres (1,650 square feet)
Tenure	Leasehold 99 years expiring on 13 December 2093	Leasehold 99 years expiring on 13 December 2093	Leasehold 99 years expiring on 27 June 2107
Date	12/01/2017	27/09/2016	19/05/2015
Vendor	CHE KHADIJAH BINTI ABDUL SBG PENTADBIR AHMAD ZAKI BIN AB. SA	MTR ELECTRICAL TRADING SDN. BHD.	LAU YEE WAH
Purchaser	TAN JIAN WEN	LOO YOKE FOONG	IDA RISWANA BINTI IDRIS
Consideration	RM1,100,000	RM1,300,000	RM1,130,000
Analysis Land Value (RM psf)	RM646 per sq ft	RM669 per sq ft	RM469 per sq ft
Adjustments	Adjustments are made on location – accessibility / visibility, size, type – number of storey, tenure, position (intermediate / end / corner lot) and quantum allowance		
Adjusted Land Value (RM psf)	RM613	RM586	RM539

Source: Valuation report on the Rawang Units dated 3 August 2018

We note that the comparable properties used by CBRE | WTW above are within the vicinity of Rawang Units and yield fair values between RM539 per square foot (“sq. ft.”) and RM613 per sq. ft. after relevant adjustments were made. Based on the above, we noted that CBRE | WTW had used the average adjusted land value of Comparable 1 due to it being a recent transaction and position (intermediate lot) and Comparable 2 due to its similarity in terms of height (3-storey). Hence, an adjusted land value of RM600 per sq. ft. was derived, translating into a market value of RM4.95 million for the land value of the Rawang Units.

We also note that the adopted building values are RM100 per sq. ft. after making reference to the estimated construction cost inclusive of profits and financial elements based on CBRE | WTW’s research as well as the JUBM and Langdon Seah Construction Cost Handbook Malaysia 2017 published by Messrs Langdon & Seah.

Appropriate adjustments were then made for depreciation after considering the obsolescence of the physical, functional and economical use of the building. The estimated market value for the building is RM2.17 million.

The total market value of the Rawang Units based on comparison approach are RM7.1 million as illustrated below:

Premises No.	Type	Land Area (Sq. ft.)	Total Land Value (RM'000)	Total Depreciated Building Value (RM'000)	Total Market Value (RM'000)
23	Intermediate	1,604	4,950	2,166	7,100
23-A	Intermediate	1,604			
25	Intermediate	1,604			
26	Intermediate	1,604			
27	Intermediate	2,992			

ii) Income Approach

Taking into consideration average gross rental, outgoing, void and capitalisation rate which have been assumed for the Rawang Units, the CBRE | WTW had adopted a market value of RM6.9 million.

The derived market value using comparison approach and income approach are shown as follows:

Method	Market Value
Comparison Approach	RM 7.10 million
Income Approach	RM 6.90 million

As there were no shortage of recent transactions available within the vicinity, we are of the view that it is reasonable for CBRE | WTW to use the comparison approach as the most suitable approach to value the Rawang Units.

Mergong Units

The Mergong Units comprise 9 adjoining units of 3-storey shop offices known as Nos. 10, 11, 12, 13, 15, 16, 17, 18 and 19, Taman Bandar Baru Mergong, 05150 Alor Setar, Kedah. The Mergong units are situated along the western side of Jalan Lengkok Sari which runs parallel to Lebuhraya Sultanah Bahiyah within Taman Bandar Baru Mergong, Alor Setar, Kedah. Taman Bandar Baru Mergong is located off the western side of Lebuhraya Sultanah Bahiyah (formerly known as Jalan Lencong Barat) and is about 8 kilometres to the south of Alor Setar city centre. It is easily accessible from the Alor Setar city centre via Lebuhraya Sultanah Bahiyah, Persiaran Bandar Baru Mergong and Jalan Lengkok Sari.

We have reviewed and taken note of the valuation report dated 3 August 2018 prepared by CBRE | WTW on the Mergong Units. In arriving at the market value of the Mergong Units, CBRE | WTW had adopted the comparison approach as the primary method of valuation while using the income approach as a cross check method.

[the remainder of this page had been intentionally left blank]

i) **Comparison Approach**

In arriving at the market value of the Mergong Units, CBRE|WTW had made an analysis on the following comparable transactions. We noted adjustments had been made for (a) intermediate and end units, and (b) corner unit as follows:

(a) 3-storey shop offices intermediate and end units

Details	Comparable 1	Comparable 2	Comparable 3
Source	Valuation and Property Services Department (JPPH)	Valuation and Property Services Department (JPPH)	Valuation and Property Services Department (JPPH)
Scheme	Pekan Simpang Kuala	Jalan Sultanah Sambungan	Plaza Mentaloon
Title No.	Geran 142632	HS(M) Kekal 21070	HS(M) Kekal 1103
Lot No.	63	PT 9335	PT 444
Town	Alor Setar	Alor Setar	Alor Merah
District	Kota Setar	Kota Setar	Kota Setar
State	Kedah	Kedah	Kedah
Address	No. 63, Jalan PSK 1	Plot No. 15, Lebuhraya Sultanah Bahiyah	Plot No. 5, Lebuhraya Darulaman
Land Area	149.00 square metres (1,600 square feet)	106.00 square metres (1,141 square feet)	130.10 square metres (1,400 square feet)
Type	3-storey shopoffice (Intermediate)	3-storey shopoffice (End)	3-storey shopoffice (Intermediate)
Tenure	Term in Perpetuity	Term in Perpetuity	Term in Perpetuity
Date	14/10/2017	28/08/2017	20/08/2017
Vendor	Hai Hin Radio Sdn Bhd	Eternal Development Sdn Bhd	Obligasi Kekal Sdn Bhd
Purchaser	K.T.Ooi Holding Sdn Bhd	Lim Hong Ern	Lim Ah Ba @ Lim Soon Meng
Consideration	RM1,300,000	RM1,250,000	RM1,180,000
Analysis Land Value	RM5,662 per square metre (RM526 per square foot)	RM7,728 per square metre (RM718 per square foot)	RM6,071 per square metre (RM564 per square foot)
Adjustments	Adjustments are made for location-general (surrounding), location-accessibility, size, and end vs intermediate unit		
Adjusted Land Value	RM5,091 per square metre (RM473 per square foot)	RM5,027 per square metre (RM467 per square foot)	RM5,468 per square metre (RM508 per square foot)

Source: Valuation report on the Mergong Units dated 3 August 2018

We noted that the comparable properties which were considered by CBRE|WTW above are within the vicinity of Mergong Units and yield a fair value between RM467 per sq. ft. and RM508 per sq. ft. after relevant adjustments were made.

Based on the above, we note that CBRE|WTW had selected Comparable 1 as the closest comparable due to it being a recent transaction with similarity in terms of size. Hence, the final land value ascribed is RM470 per sq. ft. We also note that further adjustments were made for end unit benefits increasing the land value to RM520 per sq. ft. for the end unit.

[the remainder of this page had been intentionally left blank]

(b) 3-storey shop offices corner unit

Details	Comparable 1	Comparable 2
Source	Valuation and Property Services Department (JPPH)	Valuation and Property Services Department (JPPH)
Scheme	Pekan Simpang Kuala	Taman Desa Baiduri
Title No.	HS(D) Kekal 22219	HS(M) Kekal 17907
Lot No.	PT 9678	PT 4856
Town	Alor Setar	Alor Setar
District	Kota Setar	Kota Setar
State	Kedah	Kedah
Address	No 219A, B & C, Jalan Alor Setar – Simpang Empat	PT 4856, Jalan Gangsa
Land Area	254.00 square metres (2,734 square feet)	256.00 square metres (2,756 square feet)
Type	3-storey shopoffice – (Corner)	3-storey shopoffice – (Corner)
Tenure	Term in Perpetuity	Term in Perpetuity
Date	30/06/2016	3/03/2016
Vendor	Liew Yin Fong	Syed Zulkiflee Bin Syed Abdullah
Purchaser	Kasihku Marketing Sdn Bhd	Apple Baby House Sdn Bhd
Consideration	RM1,900,000/-	RM1,200,000/-
Analysis Land Value (RM psf)	RM4,822 per square metre (RM448 per square foot)	RM2,088 per square metre (RM194 per square foot)
Adjustments	Adjustments are made for location-general (surrounding), location-accessibility, time and size	
Adjusted Value	RM4,090 per square metre (RM380 per square foot)	RM2,723 per square metre (RM253 per square foot)

Source: Valuation report on the Mergong Units dated 3 August 2018

We note that the comparable properties which were considered by the CBRE | WTW above are within the vicinity of the Mergong Units and yield a fair value between RM253 per sq. ft. and RM380 per sq. ft. after relevant adjustments were made.

Based on the above, we note that CBRE | WTW had adopted Comparable 1 as the closest comparable as it is the most recent transaction and also due to its similarity in term of total floor area. Hence, the adjusted land value for the corner unit is RM380 per sq. ft.

We also note that the building values are derived based on the estimated construction cost inclusive of profits and financial elements based on CBRE | WTW's research as well as the JUBM and Arcadis Construction Cost Handbook Malaysia 2018 published by Arcadis (Malaysia) Sdn Bhd as a guide. Appropriate adjustments are then made for depreciation after considering the obsolescence of the physical, functional and economical use of the building.

Notwithstanding, we note that there is a passenger lift within until Premise No. 12 (Lot No. PT 1230). The value of the fixture is taken at RM100,000.

[the remainder of this page had been intentionally left blank]

The total market values of the Mergong Units are as follows.

Premise No.	Type	Land Area (Sq ft)	Land Value (RM'000)	Depreciated Building Value (RM'000)	Fixture (RM'000)	Market Value (RM'000)
10	End	1,604	850	350		1,200
11	Intermediate	1,604	750	300		1,050
12	Intermediate	1,604	750	300	100	1,150
13	Intermediate	1,604	750	300		1,050
15	Intermediate	1,604	750	300		1,050
16	Intermediate	1,604	750	300		1,050
17	Intermediate	1,604	750	300		1,050
18	Intermediate	1,604	750	300		1,050
19	Corner	2,992	1,100	700		1,800
Total			7,200	3,150	100	10,450

ii) Income Approach

Taking into consideration average gross rental, outgoing, void and capitalisation rate which have been assumed for the Mergong Units, CBRE | WTW had adopted a market value of RM10.0 million.

The derived market value using comparison approach and income approach are shown as follows:

Method	Market Value
Comparison Approach	RM 10.45 million
Income Approach	RM 10.00 million

Due to the sufficient comparable transactions being available within the vicinity, we are of the view that it is reasonable for CBRE | WTW to use the comparison approach as the best approach to value the Mergong Units.

Gunung Indah Units

The Gunung Indah Units comprise 3 adjoining units of 3-storey shop offices known as Nos. 48, 49 & 50, Taman Gunung Indah, Jalan Kuala Kedah, 05400 Alor Setar, Kedah. The Gunung Indah Units are situated along the southern side of a serviced road within Taman Gunung Indah, Alor Setar, Kedah. Taman Gunung Indah is situated along the southern side of Jalan Kuala Kedah. Generally, the units are located about 4 kilometres by road to the south-west of Alor Setar city centre. The unit are easily accessible from Alor Setar town centre via Lebuhraya Darulaman, Persiaran Sultan Abdul Hamid, Jalan Kuala Kedah and thereafter a good network of internal service roads within Taman Gunung Indah.

We have reviewed and taken note of the valuation report dated 3 August 2018 prepared by CBRE | WTW on the Gunung Indah Units. In arriving at the market value of the Gunung Indah Units, CBRE | WTW had adopted the comparison approach as the primary method of valuation while using the income approach as a cross-check method.

i) Comparison Approach

In arriving at the market value of Gunung Indah Units, CBRE | WTW had made an analysis on the following comparable transactions. We note that different comparable transactions and adjustments have been made for (a) intermediate, and (b) corner unit.

(a) 3-storey shop offices intermediate

Details	Comparable 1	Comparable 2	Comparable 3
Source	Valuation and Property Services Department (JPPH)	Valuation and Property Services Department (JPPH)	Valuation and Property Services Department (JPPH)
Scheme	Pekan Simpang Kuala	Jalan Sultanah Sambungan	Plaza Mentaloon
Title No.	Geran 142632	HS(M) Kekal 21070	HS(M) Kekal 1103
Lot No.	63	PT 9335	PT 444
Town	Alor Setar	Alor Setar	Alor Merah
District	Kota Setar	Kota Setar	Kota Setar
State	Kedah	Kedah	Kedah
Address	No. 63, Jalan PSK 1	Plot No. 15 Lebuhraya Sultanah Bahiyah	Plot No. 5, Lebuhraya Darulaman
Land Area	149.00 square metres (1,604 square feet)	106.00 square metres (1,141 square feet)	130.10 square metres (1,400 square feet)
Type	Intermediate	End	Intermediate
Tenure	Term in Perpetuity	Term in Perpetuity	Term in Perpetuity
Date	14/10/2017	28/08/2017	20/08/2017
Vendor	Hai Hin Radio Sdn Bhd	Eternal Development Sdn Bhd	Obligasi Kekal Sdn Bhd
Purchaser	K.T.Ooi Holding Sdn Bhd	Lim Hong Ern	Lim Ah Ba @ Lim Soon Meng
Consideration	RM1,300,000/-	RM1,250,000/-	RM1,180,000/-
Analysis Land Value	RM5,662 per square metre (RM526 per square foot)	RM7,728 per square metre (RM718 per square foot)	RM6,071 per square metre (RM564 per square foot)
Adjustments	Adjustments are made for location-general (surrounding), size, and end vs intermediate unit		
Adjusted Land Value for intermediate unit	RM4,532 per square metre (RM421 per square foot)	RM4,252 per square metre (RM395 per square foot)	RM4,855 per square metre (RM451 per square foot)

Source: Valuation report on the Gunung Indah Units dated 3 August 2018

We note that the comparable properties used by CBRE | WTW in the above are within the vicinity of Gunung Indah Units and yield a fair value between RM395 per sq. ft. and RM451 per sq. ft. after relevant adjustments were made.

Based on the above, we noted that CBRE | WTW has adopted Comparable 1 as the best comparable due to it being the most recent transaction and similarity in terms of size. Hence, the adjusted land value adopted is RM421 per sq. ft.

[the remainder of this page had been intentionally left blank]

(b) 3-storey shop offices corner unit

Details	Comparable 1	Comparable 2
Source	Valuation and Property Services Department (JPPH)	Valuation and Property Services Department (JPPH)
Scheme	Pekan Simpang Kuala	Taman Desa Baiduri
Title No.	HS(D) Kekal 22219	HS(M) Kekal 17907
Lot No.	PT 9678	PT 4856
Town	Alor Setar	Alor Setar
District	Kota Setar	Kota Setar
State	Kedah	Kedah
Address	No 219 A, B & C, Jalan Alor Setar – Simpang Empat	PT 4856, Jalan Gangsa
Land Area	254.00 square metres (2,734 square feet)	256.00 square metres (2,756 square feet)
Gross Floor Area	659.61 square metres (7,100 square feet)	654.97 square metres (7,050 square feet)
Type	3-storey shopoffice - Corner	3-storey shopoffice - Corner
Tenure	Term in Perpetuity	Term in Perpetuity
Date	30/06/2016	3/03/2016
Vendor	Liew Yin Fong	Syed Zulkiflee Bin Syed Abdullah
Purchaser	Kasihku Marketing Sdn Bhd	Apple Baby House Sdn Bhd
Consideration	RM1,900,000/-	RM1,200,000/-
Analysis Land Value	RM4,822 per square metre (RM448 per square foot)	RM2,088 per square metre (RM194 per square foot)
Adjustments	Adjustments are made for time, location-general, location-accessibility/visibility and size	
Adjusted Land Value	RM3,617 per square metre (RM336 per square foot)	RM2,507 per square metre (RM233 per square foot)

Source: Valuation report on the Gunung Indah Units dated 3 August 2018

We note that the comparable properties which were considered by the CBRE | WTW above are within the vicinity of Gunung Indah units and yielded a fair value between RM233 per sq. ft. and RM336 per sq. ft. after relevant adjustments were made.

Based on the above, we note that CBRE | WTW had adopted Comparable 1 as the closest comparable as it is the most recent transaction and also due to its similarity in terms of total floor area. Hence, the adjusted land value for the corner unit is RM336 per sq. ft.

We also note that the building values are derived based on the estimated construction cost inclusive of profits and financial elements based on CBRE | WTW's research as well as the JUBM and Arcadis Construction Cost Handbook Malaysia 2018 published by Arcadis (Malaysia) Sdn Bhd.

Appropriate adjustments are then made for depreciation after considering the building age, obsolescence of the physical, functional and economical use of the building.

Premise No.	Type	Land Area (Sq. ft.)	Land Value (RM'000)	Depreciated Building Value (RM'000)	Market Value (RM'000)
48	Corner	2,852	960	680	1,640
49	Intermediate	1,539	645	335	980
50	Intermediate	1,539	645	335	980
Total			2,250	1,350	3,600

(ii) Income Approach

Taking into consideration average gross rental, monthly outgoing, void and capitalisation rate which have been assumed for Gunung Indah Units, CBRE | WTW has adopted a market value of RM3.53 million.

The derived market value using comparison approach and income approach are shown as follows:

Method	Market Value
Comparison Approach	RM 3.60 million
Income Approach	RM 3.53 million

Due to sufficient availability of comparable transactions available within the vicinity, we are of the view that it is reasonable for CBRE | WTW to use the comparison approach as the most suitable approach to value the Gunung Indah Units.

Premised on the above analyses, we are of the opinion that the valuation methods employed and the results thereafter are fair. Further, as the current Total Disposal Consideration of RM21.15 million also represents a 3.9% premium to the NBV of the Said Properties, the Total Disposal Consideration is deemed fair and reasonable.

6.2 Salient terms of the SPAs

The salient terms of the SPAs are disclosed in Section 2.2, Part A of the Circular. The following sets out only a summary of the material terms of the SPAs that was considered by us and non-interested shareholders of the Company are advised to read Section 2.2, Part A of the Circular in the entirety. Our comments on the salient terms of the SPAs are as follows:

Salient Terms	Comments
<p>(i) The Purchaser had on the same date entered into the SPAs for the sale and purchase of the Rawang Units, the Gunung Indah Units and Mergong Units.</p> <p>The Purchaser and the Vendor have acknowledged and agreed that the SPAs for the Said Properties are sold on an en-bloc basis and the Purchaser shall be required to complete the SPAs for all the Said Properties simultaneously or on or around the same time.</p>	<p>The disposal of the Said Properties are inter-conditional upon each other and the terms of the sale are not unusual in transactions of this nature.</p>

Salient Terms	Comments
In the event that, any one of the said sale and purchase agreement is not completed or any of the Said Properties cannot be registered at the appropriate Land Registry or Land Office, free from encumbrances whatsoever, then all the SPAs for all the Said Properties shall be terminated.	
<p>(ii) Agreement for sale and purchase The Vendor agrees to sell and the Purchaser agrees to purchase the Said Properties on an "as is where is" basis subject to the existing tenancies free from all caveats, liens, charges and encumbrances for the Total Disposal Consideration.</p>	This term is fair and a common commercial term for transactions of this nature seeing that the units are largely tenanted.
<p>(iii) Manner of payment</p> <p>a) Upon the execution of the SPAs, the Purchaser shall pay a 10% deposit as part payment towards the Total Disposal Consideration, in the following manner:</p> <ol style="list-style-type: none"> i. pay to the Vendor's solicitors as stakeholders the retention sum, being 3% of the Total Disposal Consideration; and ii. pay to the Vendor the balance deposit, being 7% of the Total Disposal Consideration. <p>b) The 90% of the Total Disposal Consideration, being the "Balance Total Disposal Consideration" shall be paid by the Purchaser to the Vendor's solicitors as stakeholders within the completion period. The completion period refers to three (3) months from the unconditional date, being the date all the conditions precedent are either fulfilled or mutually waived by the parties.</p> <p>c) In the event the Purchaser is unable to pay the Balance Total Disposal Consideration within the completion period, the Vendor automatically grants the Purchaser an extension of 1 month to pay the Balance Total Disposal Consideration provided that the Purchaser shall pay the Vendor interest at 8% per annum on the outstanding Balance Total Disposal Consideration or any part thereof calculated from the day following the expiry of the completion period until the date of full settlement.</p> <p>d) The Vendor hereby expressly agree that in the event the Vendor and/or the Vendor's solicitors and/or the existing chargee of the Said Properties takes more time than as prescribed under the SPAs to perform any obligations imposed, the completion period shall, accordingly, be extended free of interest by the aggregate number of days of delay by the Vendor and/or the Vendor's solicitors and/or the existing chargee in performing such obligations.</p>	<p>This term is fair and a common commercial terms for disposal of land and properties.</p> <p>This term is fair to protect the interest of the Vendor in the event of delay by the Purchaser to ensure that the Vendor will be compensated for the extension of the completion period.</p> <p>This term is not detrimental to the Vendor as in the event of any delay by the Vendor in the completion of the SPAs, no interest will be incurred.</p>

Salient Terms	Comments
<p>(iv) Condition Precedent</p> <p>The SPAs are conditional upon the following conditions being fulfilled within the conditional period, being 6 months from the date of the SPAs:</p> <ul style="list-style-type: none"> a) the Vendor shall have obtained the approval of the shareholders of Chin Hin, at an EGM, for the sale of the Said Properties pursuant to the terms of the SPAs; and b) the Vendor and the Purchaser shall have obtained the relevant State Authority's written consent and/or approval to transfer and charge the Rawang Units to the Purchaser and the Purchaser's financier. 	<p>The Condition Precedent as set out in the SPA are typical of such transactions and in compliance with the Listing Requirements.</p>
<p>(v) Default/Termination</p> <ul style="list-style-type: none"> (a) If the Purchaser shall fail to pay the Balance Total Disposal Consideration or any part thereof in accordance with the provisions of the SPAs, the Vendor shall be entitled to terminate the SPAs by a notice in writing to the Purchaser whereupon the deposit shall be absolutely forfeited by the Vendor and all other monies paid pursuant to the SPAs shall be refunded free of interest by the Vendor to the Purchaser. (b) If the Vendor shall default, neglect or refuse to complete the sale, the Purchaser shall be entitled to either: <ul style="list-style-type: none"> i. take such action to enforce the SPAs by applying for a decree of specific performance and all costs and expenses that may be incurred by the Purchaser in connection therewith shall be borne by the Vendor; or ii. to terminate the SPAs by a notice in writing to the Vendor whereupon the deposit and all monies paid shall be refunded free of interest by the Vendor to the Purchaser. In addition thereto, the Vendor shall pay a sum equivalent to 10% of the Total Disposal Consideration to the Purchaser as agreed liquidated damages for the Vendor's breach. 	<p>This clause is a typical term to transactions of such nature where in the event any party breaches any material provisions of the SPAs and fails to remedy it, the non-defaulting party will have the right to terminate the SPAs.</p> <p>These clauses govern the process for the termination of SPAs and are in-line with the common terms for these types of transactions.</p>

Premised on the above, we are of the view that the above mentioned salient terms of the SPAs are fair and reasonable and not detrimental to the non-interested shareholders of the Company.

7 RISK FACTORS

We take note of the risk factors as disclosed in Section 5, Part A of the Circular.

As the assets form a part of the non-core assets of the Group, there will be no significant effects on the business and operations of the Group. That being said, no assurance can be given that the risk factor as stated in Section 5, Part A of this Circular will not occur.

In evaluating the Proposed Disposal, non-interested shareholders of the Company should carefully consider the said risk factor and its mitigating factor prior to voting on the resolution pertaining to the Proposed Disposal at the forthcoming EGM of the Company. Non-interest shareholders of the Group should also note that the risk factor mentioned therein are not meant to be exhaustive.

8 EFFECTS OF THE PROPOSED DISPOSAL

The effects of the Proposed Disposal on the Company are as disclosed in Section 6, Part A of the Circular which is as follows:

(i) Issued share capital and substantial shareholders' shareholdings

The Proposed Disposal will not have any effect on the issued share capital nor the substantial shareholders' shareholdings in the Company.

(ii) NA and gearing

The Proposed Disposal will reduce the gearing ratio of the Group from 0.96 times to 0.93 times after taking into consideration the proposed repayment of bank borrowings from the Total Disposal Consideration. There will be no material effects to the NA per share.

(iii) Earnings and EPS

The Proposed Disposal will not have material effects on the earnings and EPS of the Group.

Based on the above, we are of the opinion that the effects of the Proposed Disposal is fair and reasonable and not to the detriment of the non-interested shareholders of the Company.

9 CONCLUSION AND RECOMMENDATION

We have assessed and evaluated the Proposal Disposal and have set out our evaluation in Paragraph 4 to 8 of this IAL.

We summarise the potential advantages and disadvantages of the Proposed Disposal as follows:

Potential Advantages	Potential Disadvantages
Upon the completion of the Proposed Disposal, Chin Hin will be able to utilise the Total Disposal Consideration for its working capital and to repay part of its borrowings.	The Proposed Disposal will result in the loss of the income contribution from rental of the Said Properties.
The Proposed Disposal will reduce the gearing ratio of the Group.	

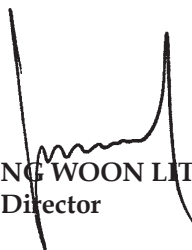
We have taken cognisance of the rationale, financial evaluation, effects and risk factors of the Proposal Disposal. Based on our evaluation and comments on the Proposed Disposal, we are of the opinion that the Proposed Disposal are **FAIR AND REASONABLE** and are not detrimental to the non-interested shareholders of the Company.

Accordingly, we recommend that the non-interested shareholders of the Company TO VOTE IN FAVOUR of the ordinary resolution pertaining to the Proposed Disposal to be tabled at the forthcoming EGM of the Company.

Before arriving at the decision to vote on the ordinary resolution pertaining to the Proposed Disposal, it is pertinent that the non-interested shareholders of the Company consider the issues and implication raised in this IAL as well as other considerations set out in Part A of the Circular carefully and the recommendation of the Board (save for the Interested Parties) as set out in Section 12, Part A of the Circular.

Yours faithfully
FHMH CORPORATE ADVISORY SDN BHD


NARIMAH MOHD PERAI
Executive Director


NG WOON LIT
Director

VALUATION CERTIFICATE



Report and Valuation

Our Ref : WTW/01/V/001646/18/LKC

3 August 2018

PRIVATE & CONFIDENTIAL

Chin Hin Group Berhad

No. A-1-9, Pusat Perdagangan Kuchai
No. 2, Jalan 1/127
Off Jalan Kuchai Lama
58200 Kuala Lumpur

Attention: Datuk Seri Chiau Beng Teik

Dear Sirs,

CERTIFICATE OF VALUATION OF SEVENTEEN (17) PROPERTIES FOR THE PURPOSE OF SUBMISSION TO THE BURSA MALAYSIA SECURITIES BERHAD

In accordance with the instructions of Chin Hin Group Berhad, we, C H Williams Talhar & Wong Sdn Bhd, have carried out a valuation on the above mentioned properties as at 2 May 2018 for the purpose of CHIN HIN GROUP BERHAD's ("CHIN HIN") submission to Bursa Malaysia Securities Berhad in relation to the proposed disposals of various property assets held by PP Chin Hin Sdn Bhd, a wholly-owned subsidiary of Chin Hin, to Chin Hin Building Materials Supply (JB) Sdn Bhd.

We have prepared and provided this Valuation Certificate which outlines key factors that have been considered in arriving at our opinion of Market Value and reflects all information known by us and based on present market conditions.

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

The basis of the valuation is Market Value which is defined by the Malaysian Valuation Standards (MVS) to be "the estimated amount for which an asset or liability should exchange on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing where the parties had each acted knowledgeably, prudently and without compulsion".

This Certificate of Valuation should be read in conjunction with the full Report and Valuation.

C H Williams Talhar & Wong Sdn Bhd (18149-U)
30-01 30th Floor
Menara Multi-Purpose
8 Jalan Munshi Abdullah
P O Box 12157
50100 Kuala Lumpur
Malaysia

T +(6 03) 2616 8888
F +(6 03) 2616 8899
E kualalumpur@cbre-wtw.com.my
W www.cbre-wtw.com.my

C H Williams Talhar & Wong Sdn Bhd (18149-U)

Our Ref: WTW/01/V/001646/18/LKC

Page 2

METHOD OF VALUATION

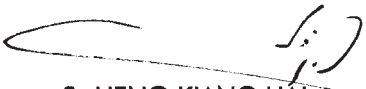
We have adopted the Comparison Approach of Valuation as the main approach for all of the properties. The Comparison Approach entails analysing recent transactions and asking prices of similar property in and around the locality for comparison purposes with adjustments made for differences in location, accessibility/visibility, size, tenure, shape, type of development and other relevant characteristics to arrive at the market value.

As a check we have adopted the Income approach (Investment Method). This method entails determining the net current annual income by deducting the annual outgoings from the gross annual income and capitalising the net income by a suitable rate of return consistent with the type and quality of investment to arrive at the market value.

The table below is a summary of Market Values for the properties valued:-

No.	Property Details	Market Value
1	Lot Nos. PT 6366 To PT 6362 (Inclusive), All Within Bandar Rawang, District of Gombak, Selangor Five (5) adjoining units of three (3) storey intermediate shop offices (Our Ref : WTW/01/V/001646A/18/LKC)	RM7,100,000/-
2	Lot Nos. PT 14215 (Resurveyed Lot No. 2256), 2257 & 2258, Section 48, All Within Town of Alor Setar, District of Kota Setar, Kedah Three (3) adjoining units of three (3)-storey shopoffices (Our Ref : WTW/08/V/004335/18/PSY/mk)	RM3,600,000/-
3	Lot Nos. PT 1228 To PT 1236 (Resurveyed Lot Nos. 8392 To 8384), All Within Town of Alor Setar, District of Kota Setar, Kedah Nine (9) adjoining units of three (3)-storey shopoffices (Our Ref : WTW/01/V/001536C/17/MY)	RM10,450,000/-
Grand Total		RM21,150,000/-

Yours faithfully
for and on behalf of
C H Williams Talhar & Wong Sdn Bhd


Sr HENG KIANG HAI
MBA (Real Estate), B.Surv (Hons) Prop.Mgt,
MRICS, FRISM, MPEPS, MMIPPM
Registered Valuer (V-486)

C H Williams Talhar & Wong Sdn Bhd (18149-U)

Our Ref: WTW/01/V/001646/18/LKC

Page 3

CERTIFICATE OF VALUATION

1.0 RAWANG SHOPOFFICES
(Our Ref : WTW/01/V/001646A/18/LKC)

PROPERTY IDENTIFICATION

The property : Five (5) adjoining units of three (3) storey intermediate shop offices

Address : No. A-23, A-23A, A-25, A-26 & A-27, Jalan Reef 1/1, Pusat Perniagaan Reef, 48000 Rawang, Selangor

Lot Nos., Title Nos. and Land Area	Unit Nos.	Lot Nos.	Title Nos.	Land Area (square metres)
	A-23	PT 6366	HSD 63311	153.3
	A-23A	PT 6365	HSD 63310	153.3
	A-25	PT 6364	HSD 63309	153.3
	A-26	PT 6363	HSD 63308	153.3
	A-27	PT 6362	HSD 63307	153.3

All within Bandar Rawang, District of Gombak, Selangor

Tenure : Leasehold 99 years expiring on 27 June 2107 (Unexpired term of approximately 89 years)

Registered Owners : PT 6366, PT 6365, PT 6364, PT 6362
PP CHIN HIN SDN. BHD.

PT 6363
PP CHIN HIN BHD

Category of Land Use : Building

Express Condition : Bangunan Perniagaan

Restriction in Interest : Tanah ini boleh dipindahmilik, dipajak atau digadai setelah mendapat kebenaran Pihak Berkuasa Negeri

Encumbrances : Charged to HSBC BANK MALAYSIA BERHAD

C H Williams Talhar & Wong Sdn Bhd (18149-U)

Our Ref: WTW/01/V/001646/18/LKC

Page 4

GENERAL DESCRIPTION

The subject property comprises five (5) adjoining units of three (3) storey intermediate shop offices known as No. A-23, A-23A, A-25, A-26, A-27, Jalan Reef 1/1, Pusat Perniagaan Reef, 48000 Rawang, Selangor.

Site

They are intermediate lots with a land area of 153.3 square metres each. Each unit is rectangular in shape and has a frontage width of 6.706 metres onto Jalan Reef 1/1 and a depth of about 22.860 metres.

The land is generally flat in terrain and lies at the same level of existing frontage metalled road, Jalan Reef 1/1.

Building

The three storey shop offices are constructed of reinforced concrete framework with plastered brick walls and covered with metal deck roofing.

The subject property has been issued with a Certificate of Completion and Compliance (CCC) by Dato Hj Ar Zainudin Bin Musliman bearing reference no. LAM/S/No. 3871 on 26 September 2011 for development of 3-storey shop offices. The age of the subject property is approximately 7 years old.

The Renovation Building Plan bearing reference no. CHNG/1155RG/BP/01 prepared by CH NG Architect has been approved by Jabatan Bomba Dan Penyelamat Malaysia (JBPM) on 17 August 2012. Based on our enquiries with Majlis Perbandaran Selayang (MPS), we were given to understand that the renovation plans / as-built plans are required to be submitted to MPS for approvals and issuance of new Certificate of Completion and Compliance (CCC). As at the date of valuation, the tenant have yet to submit the renovation building plans / as-built plans to MPS for approval as well as obtaining the CCC.

Floor finishes of the subject property are generally of ceramic tiles whilst the ceiling is general of plastered ceiling incorporating downlights, fairfaced concrete and flat sheets. The main entrances are generally of frameless glass panel and other doors are generally of metal roller shutter, timber panel, timber flush, aluminium framed glass panel, PVC and metal.

At the time of inspection, we noted that unit A-23A as well as the first and second floors of unit A-23 to A-27 were used as budget hotel and the renovations were done by the tenant. The renovations are not considered in our valuation as the tenant has to make good to the original condition upon the termination of the tenancy.

Vide a letter issued by Majlis Perbandaran Selayang (MPS) bearing reference no. Bil (32)d/m.MPS 3/2-1908 Jilid 7 dated 19 April 2012, we noted that Majlis Perbandaran Selayang (MPS) has approved with condition for the conversion of the subject property from shop offices to Hotel use and issued a temporary license to operate as a hotel on yearly basis.

We noted that Majlis Perbandaran Selayang (MPS) has issued a temporary license which the tenant has further renew until 30 June 2015. The said temporary license has expired and were not renewed. Consequently, the tenant has paid penalty to MPS for failure to renew the temporary license.

Subsequently, the tenant had on 23 July 2018 submitted a letter to Majlis Perbandaran Selayang (MPS) to renew the planning approval for the conversion of shop office to Hotel use for the reissuance of license to operate as a hotel. As at the date of valuation, we were informed that MPS has yet to renew the planning approval and the license to operate as a hotel.

The subject property has a total gross floor area of approximately 459.89 square metres each.

C H Williams Talhar & Wong Sdn Bhd (18149-U)

Our Ref: WTW/01/V/001646/18/LKC

Page 5

PLANNING PROVISION

The subject property is designated for commercial building use as per the Express Condition in the document of title.

OCCUPATION

At the time of our inspection, the subject property was tenanted whilst ground floor of Unit A-23 was vacant.

We were given to understand that the tenant; Chin Hin Hotel Sdn. Bhd. is related to the registered owner.

VALUE CONSIDERATION

a) Comparison Approach

Under the Comparison Approach, the sale evidences have been analysed and adjusted for the differences in surrounding, accessibility/ visibility, size, type – number of storey, position (intermediate / end / corner lot), tenure, land use, shape, terrain and other relevant characteristics to arrive at the market value.

Details	Comparable 1	Comparable 2	Comparable 3
Source	Valuation and Property Services Department (JPPH)	Valuation and Property Services Department (JPPH)	Valuation and Property Services Department (JPPH)
Name	Taman Setia Rawang	Taman Setia Rawang	Rawang Commercial Centre (The Reef)
Title No.	HSM 5920	PM 2521	HSD 63337
Lot No.	PT 11119	Lot 36 Section 19	PT 6392
Mukim	Rawang	Bandar Rawang	Bandar Rawang
District	Gombak	Gombak	Gombak
State	Selangor	Selangor	Selangor
Address	No. 41, Jalan Setia Rawang 1	No. 30, Jalan Setia Rawang 1	B23A, Jalan Reef 1/2
Type	Two (2) storey intermediate shop office	Three (3) storey end lot shop office	Three (3) storey intermediate shop office
Land Area	130.00 square metres (1,399 square feet)	130.00 square metres (1,399 square feet)	153.30 square metres (1,650 square feet)
Tenure	Leasehold 99 years expiring on 13 December 2093	Leasehold 99 years expiring on 13 December 2093	Leasehold 99 years expiring on 27 June 2107
Date	12/01/2017	27/09/2016	19/05/2015

C H Williams Talhar & Wong Sdn Bhd (18149-U)

Our Ref: WTW/01/V/001646/18/LKC

Page 6

VALUE CONSIDERATION (Cont'd)

a) Comparison Approach (Cont'd)

Details	Comparable 1	Comparable 2	Comparable 3
Vendor	CHE KHADIJAH BINTI ABDUL SBG PENTADBIR AHMAD ZAKI BIN AB. SA	MTR ELECTRICAL TRADING SDN. BHD.	LAU YEE WAH
Purchaser	TAN JIAN WEN	LOO YOKE FOONG	IDA RISWANA BINTI IDRIS
Consideration	RM1,100,000	RM1,300,000	RM1,130,000
Analysis Land Value (RM psf)	RM646 per sq ft	RM669 per sq ft	RM469 per sq ft
Adjustments	Adjustments are made on location – accessibility / visibility, size, type – number of storey, tenure, position (intermediate / end / corner lot) and quantum allowance		
Adjusted Land Value (RM psf)	RM613	RM586	RM539

Notes: "psf" denotes per square foot

From the above analysis, the adjusted land values range from RM539 per square foot to RM613 per square foot.

Having regard to the foregoing, we have adopted average adjusted land value of Comparable 1 due to its recent transaction and position i.e, intermediate lot and Comparable 2 due to its similarity in terms of number of storey i.e. 3-storey.

We have adopted a value of RM600 per square foot for the land in our valuation.

The building values are derived based on reference made to the estimated construction cost inclusive of profits and financial elements from our research as well as the JUBM and Langdon Seah Construction Cost Handbook Malaysia 2017 published by Messrs Langdon & Seah as a guide.

The building value adopted for the subject building is RM100 per square foot.

Depreciation

We have taken into consideration the 50 years economical useful life span, building age as at the date of valuation, obsolescence of the physical and functional use of the building.

Appropriate adjustments are then made for depreciation after taking into account the obsolescence of the physical, functional and economical use of the building.

We have adopted a depreciation rate of 15% for the building taking into consideration the estimated building age of about 7 years.

The summary of the market value of the subject property based on Comparison Approach is summarised as follows:-

	Market Value
Land Value	RM4,950,000/-
Building Value	RM2,166,350/-
Total	RM7,116,350/-
Say	RM7,100,000/-

Hence, the market value of the subject property derived from Comparison Approach is **RM7,100,000/-**.

C H Williams Talhar & Wong Sdn Bhd (18149-U)

Our Ref: WTW/01/V/001646/18/LKC

Page 7

VALUE CONSIDERATION (Cont'd)

b) Income Approach (Investment Method)

As a check, we have adopted the Income Approach (Investment Method) of Valuation.

Income Approach (Investment Method)

Description	Parameters	Remarks
Average Gross Rental - Term	RM1.71 psf	We have adopted current passing rent.
Average Gross Rental - Reversionary	RM1.15 psf	Considered the concluded rentals of similar shop office buildings within the vicinity.
Outgoings	RM0.12 psf	Considered the current outgoings of the subject property.
Void	5.00%	We have adopted the void for rent-free period and risk of vacancy and uncertainty.
Capitalisation Rate - Term	4.50%	Based on the recent transaction of the shop offices within Rawang, the net yield ranges from 3.74% to 4.43%. Taking into consideration the location, building specification and building age of the subject property, we have adopted the net yield (term) at 4.50% and net yield (reversionary) at 4.00%. We have adopted a lower yield of 4.00% in view of the high current passing rent.
Capitalisation Rate - Reversionary	4.00%	

The market value derived from Income Approach (Investment Method) is **RM6,900,000/-**.

RECONCILIATION OF VALUE

The market value for the subject property derived from both Comparison Approach and Income Approach (Investment Method) are shown as follows:-

Comparison Approach	-	RM7,100,000/-
Income Approach (Investment Method)	-	RM6,900,000/-

We have adopted the market value derived from Comparison Approach as a fair representation of the market value of the subject property in view that there are plenty of transactions available within the vicinity.

VALUATION

Taking into consideration the above factors, we therefore assess the total market value of the subject property with permission to transfer, lease, charge and free from all encumbrances is **RM7,100,000/- (Ringgit Malaysia : Seven Million And One Hundred Thousand Only)**.

C H Williams Talhar & Wong Sdn Bhd (18149-U)

Our Ref: WTW/01/V/001646/18/LKC

Page 8

2.0 GUNUNG INDAH SHOPOFFICES
(Our Ref : WTW/08/V/004335/18/PSY/mk)

PROPERTY IDENTIFICATION

The property : Three (3) adjoining units of three (3)-storey shopoffices

Address : Nos. 48, 49 & 50, Taman Gunung Indah, Jalan Kuala Kedah, 05400 Alor Setar, Kedah

Title Nos. and Lot Nos.	Premises Nos.	Title Nos.	Lot Nos.	Land Area
	No. 48	HSM 12099	PT 14215 (Resurveyed Lot No. 2256, Section 48)	265 square metres (2,852 square feet)
	No. 49	GM 26465	Lot 2257, Section 48	143 square metres (1,539 square feet)
	No. 50	GM 26466	Lot 2258, Section 48	143 square metres (1,539 square feet)

All within Section 48 Town of Alor Setar, District of Kota Setar, Kedah

Tenure : Term in perpetuity (Freehold)

Registered Owner : PP CHIN HIN SDN. BHD.

Category of Land Use : Building

Express Condition : "Tanah yang terkandung dalam hak milik ini hendaklah digunakan sebagai tapak satu Bangunan untuk Perniagaan (Tapak Kedai 3 Tingkat) sahaja."

Restriction in Interest : Not stated

Encumbrances : Charged to Maybank Islamic Berhad

Note : According to the Certified Plan No. 108798, Lot No. PT 14215 has been resurveyed with resurveyed land area and allotted New Lot No. 2256 without any change in the final surveyed land area.

C H Williams Talhar & Wong Sdn Bhd (18149-U)

Our Ref: WTW/01/V/001646/18/LKC

Page 9

GENERAL DESCRIPTION

The subject property comprises three (3) adjoining units of three (3)-storey shopoffices bearing postal addresses Nos. 48, 49 & 50, Taman Gunung Indah, Jalan Kuala Kedah, 05400 Alor Setar, Kedah. The subject property comprises 2 intermediate units and 1 corner unit.

Site

The subject site comprises three adjoining shopoffice plots identified as Lot Nos. PT 14215 (Resurveyed Lot 2256 Section 48), Lot 2257 and 2258 with the following land areas:-

Premises No	Lot No	Land area (sq. metres)	Type
No. 48	PT 14215 (Resurveyed Lot 2256)	265 (2,852 square feet)	Corner
No. 49	2257	143 (1,539 square feet)	Intermediate
No. 50	2258	143 (1,539 square feet)	Intermediate

Lot No. PT 14215 is a corner lot and nearly rectangular in shape with a front splay corner. It has a frontage of approximately 5.413 metres onto an unnamed service road, a front splay corner of 9.306 metres and a return frontage of 15.547 metres onto another service road. Lot Nos. 2257 & 2258 are intermediate lots with each lot having a frontage of 6.70 metres and a depth of 21.34 metres.

The subject plots are generally flat in terrain and lies at the same level or slightly above the existing frontage service road.

Building

The three storey shop offices are constructed of reinforced concrete framework enclosed with plastered brick walls and supporting pitched roof cover with cement tiles.

The subject property has been issued with a Certificate of Fitness for Occupation (CFO) by Majlis Bandaraya Alor Setar (MBAS) bearing reference no. A 0407 dated on 31 July 2008. The age of the subject property is approximately 12 years old.

The Renovation Building Plan bearing reference no. DH/08/08/01 prepared by H. H. Lau. Architect has been approved by Jabatan Bomba Dan Penyelamat Malaysia (JBPM) on 29 October 2008. Based on our enquiries with Majlis Bandaraya Alor Setar (MBAS), we were given to understand that the renovation plans / as-built plans are required to be submitted to MBAS for approvals and issuance of new Certificate of Completion and Compliance (CCC). As at the date of valuation, the tenant have yet to submit the renovation building plans / as-built plans to MBAS for approval as well as obtaining the CCC.

At the time of inspection, we noted that Premises No. 50 as well as the first and second floors of Premises Nos. 48 and 49 were used as a budget hotel and the renovations were done by the tenant. The renovations are not considered in our valuation as the tenant has to make good to the original condition upon the termination of the tenancy.

Floor finishes of the subject property are generally of ceramic tiles whilst the ceiling is general of plastered ceiling, fairfaced concrete and flat sheets. The doors are generally of metal roller shutter, timber panel, timber flush, aluminium framed glass panel, PVC and metal.

During our inspection, we noted that the party walls on the first and second floors between all three (3) Premises had been demolished / removed to provide access between the units and allow larger space to house various hotel accommodations. We also noted that the reinforced concrete staircases within Premises No. 49 had also been demolished.

C H Williams Talhar & Wong Sdn Bhd (18149-U)

Our Ref: WTW/01/V/001646/18/LKC

Page 10

GENERAL DESCRIPTION (Cont'd)

Building (Cont'd)

The boutique hotel (Premises Nos. 48 to 50 except for the ground floor of Premises Nos. 48 and 49) is issued with an annual license to operate as a hotel by Majlis Bandaraya Alor Setar which commencing on 19 January 2010 and renewed until 13 February 2019.

The subject lot no. 48 has a total gross floor area of approximately 739.14 square metres whilst lot nos. 49 & 50 has a total gross floor area of approximately 428.94 square metres each.

OCCUPATION

At the time of our inspection, the subject buildings were tenanted to Chin Hin Hotel Sdn. Bhd. and operated as a hotel under the style of The Leverage Business Hotel except for the ground floors for Lot Nos. PT 14215 (Premises No. 48) and 2257 Section 48 (Premises No. 49).

We were given to understand that the tenant; Chin Hin Hotel Sdn. Bhd. is related to the registered owner.

PLANNING PROVISION

The subject property is designated for commercial building use as per the Express Condition in the document of title.

VALUE CONSIDERATION

a. Comparison Approach

In arriving at the market value of the subject property, several recent transactions of shopoffice have been considered.

The Comparison Approach entails analysing recent transactions and asking prices of similar properties in the locality are analysed for comparison purposes with adjustments made for differences in location, accessibility, size, age, time and other relevant characteristics to arrive at the market value.

Adjustments – For the subject three (3)-storey shopoffice intermediate units

Details	Comparable 1	Comparable 2	Comparable 3
Source	Valuation and Property Services Department (JPPH)	Valuation and Property Services Department (JPPH)	Valuation and Property Services Department (JPPH)
Scheme	Pekan Simpang Kuala	Jalan Sultanah Sambungan	Plaza Mentaloon
Title No.	Geran 142632	HS(M) Kekal 21070	HS(M) Kekal 1103
Lot No.	63	PT 9335	PT 444
Town	Alor Setar	Alor Setar	Alor Merah
District	Kota Setar	Kota Setar	Kota Setar
State	Kedah	Kedah	Kedah
Address	No. 63, Jalan PSK 1	Plot No. 15 Lebuhraya Sultanah Bahiyah	Plot No. 5, Lebuhraya Darulaman
Land Area	149.00 square metres (1,604 square feet)	106.00 square metres (1,141 square feet)	130.10 square metres (1,400 square feet)
Type	Intermediate	End	Intermediate
Tenure	Term in Perpetuity	Term in Perpetuity	Term in Perpetuity
Date	14/10/2017	28/08/2017	20/08/2017

C H Williams Talhar & Wong Sdn Bhd (18149-U)

Our Ref: WTW/01/V/001646/18/LKC

Page 11

VALUE CONSIDERATION (Cont'd)

a. Comparison Approach (Cont'd)

Adjustments – For the subject three (3)-storey shopoffice intermediate units (Cont'd)

Details	Comparable 1	Comparable 2	Comparable 3
Vendor	Hai Hin Radio Sdn Bhd	Eternal Development Sdn Bhd	Obligasi Kekal Sdn Bhd
Purchaser	K.T.Ooi Holding Sdn Bhd	Lim Hong Ern	Lim Ah Ba @ Lim Soon Meng
Consideration	RM1,300,000/-	RM1,250,000/-	RM1,180,000/-
Analysis Land Value	RM5,662 per square metre (RM526 per square foot)	RM7,728 per square metre (RM718 per square foot)	RM6,071 per square metre (RM564 per square foot)
Adjustments	Adjustments are made for location-general (surrounding), size, and position (intermediate / end / corner lot)		
Adjusted Land Value for intermediate unit	RM4,532 per square metre (RM421 per square foot)	RM4,252 per square metre (RM395 per square foot)	RM4,855 per square metre (RM451 per square foot)

Notes: "psf" denotes per square foot

From the above analyses, the adjusted land values range from RM4,252 per square metre (RM395 per square foot) to RM4,855 per square metre (RM451 per square foot).

Having regard to the foregoing, we have adopted Comparable 1 as the best comparable for the subject property due to its recent transaction and similarity in terms of size.

The adjusted land value of comparable 1 is RM4,532 per square metre (RM421 per square foot). The average adjusted land value for all 3 comparables is RM4,542 per square metre (RM422 per square foot).

The base land value adopted for the subject intermediate units are as follows:-

Description	Land Area (per unit)	Land value	Land Value (per unit)	Total Land Values (2 units)
2 units of three (3)-storey shopoffice – Intermediate units	143 square metres (1,539 square feet)	RM4,521 per square metre (RM420 per square foot)	RM646,380/- Say RM645,000/-	RM1,290,000/-

Adjustments - For the three (3)-storey shopoffice corner unit

Details	Comparable 1	Comparable 2
Source	Valuation and Property Services Department (JPPH)	Valuation and Property Services Department (JPPH)
Scheme	Pekan Simpang Kuala	Taman Desa Baiduri
Title No.	HS(D) Kekal 22219	HS(M) Kekal 17907
Lot No.	PT 9678	PT 4856
Town	Alor Setar	Alor Setar
District	Kota Setar	Kota Setar
State	Kedah	Kedah
Address	No 219 A, B & C, Jalan Alor Setar – Simpang Empat	PT 4856, Jalan Gangsa
Land Area	254.00 square metres (2,734 square feet)	256.00 square metres (2,756 square feet)

C H Williams Talhar & Wong Sdn Bhd (18149-U)

Our Ref: WTW/01/V/001646/18/LKC

Page 12

VALUE CONSIDERATION (Cont'd)

a. Comparison Approach (Cont'd)

Adjustments - For the three (3)-storey shopoffice corner unit (Cont'd)

Details	Comparable 1	Comparable 2
Gross Floor Area	659.61 square metres (7,100 square feet)	654.97 square metres (7,050 square feet)
Type	3-storey shopoffice - Corner	3-storey shopoffice - Corner
Tenure	Term in Perpetuity	Term in Perpetuity
Date	30/06/2016	3/03/2016
Vendor	Liew Yin Fong	Syed Zulkiflee Bin Syed Abdullah
Purchaser	Kasihku Marketing Sdn Bhd	Apple Baby House Sdn Bhd
Consideration	RM1,900,000/-	RM1,200,000/-
Analysis Land Value	RM4,822 per square metre (RM448 per square foot)	RM2,088 per square metre (RM194 per square foot)
Adjustments	Adjustments are made for time, location-general, location-accessibility/visibility and size	
Adjusted Land Value	RM3,617 per square metre (RM336 per square foot)	RM2,507 per square metre (RM233 per square foot)

From the above analysis, the adjusted land values range from RM2,507 per square metre (RM233 per square foot) to RM3,617 per square metre (RM336 per square foot).

Having regard to the foregoing, we have adopted Comparable 1 as the best comparable as it is the latest transaction and also due to its similarity in terms of total floor area.

The adjusted land value of Comparable 1 is RM3,617 per square metre (RM336 per square foot). The average adjusted land value for both comparable is RM3,057 per square metre (RM284 per square foot).

The land value adjusted for the subject corner unit is as follows:

Description	Land Area	Land Value	Overall Land Value
3-storey shop shopoffice – Corner unit	265 square metres (2,852 square feet)	RM3,606 per square (RM335 per square foot)	RM955,420/- Say RM960,000/-

The building values are derived based on our analysis of estimated construction cost inclusive of profits and financial elements compiled during our previous valuation and from our research as well as reference to the JUBM and Arcadis Construction Cost Handbook Malaysia 2018 published by Arcadis (Malaysia) Sdn Bhd.

As there are no information of building costs specific for Kota Setar district nor Kedah state, we have referred to the building cost for Penang as a guide for the northern region states, including Kedah state where the subject property is located.

The building value adopted for the subject building is RM100 per square foot for intermediate lot and RM120 per square foot for corner lot.

C H Williams Talhar & Wong Sdn Bhd (18149-U)

Our Ref: WTW/01/V/001646/18/LKC

Page 13

VALUE CONSIDERATION (Cont'd)

a. Comparison Approach (Cont'd)

Depreciation

We have taken into consideration the 50 years economical useful life span, building age as at the date of valuation, obsolescence of the physical and functional use of the building.

Appropriate adjustments are made for depreciation after taking into account the building age, obsolescence of the physical, functional and economical use of the building. The buildings are approximately 12 years. Thus, the depreciation rate is $12/50 = 24%$, Say 25%.

The building values adopted for the subject buildings are as follows:-

Subject property	Floor Area (Per Unit)	Building Value Adopted	Building Value Per unit Before Depreciation	Depreciation Adopted	Depreciated Building Value (Per Unit)
3- storey intermediate shopoffice	Main Floor Area : 414.63 square metres (4,463 square feet) Ancillary Floor Area : 14.31 square metres (154 square feet)	On Main Floor Area RM1,076 per square metre (RM100 per square feet) On Ancillary Floor Area RM323 per square metre (RM30 per square feet)	RM450,920/-	25%	RM338,190/- Say RM335,000/-
3- storey corner shopoffice	Main Floor Area : 677.45 square metres (7,292 square feet) Ancillary Floor Area : 61.96 square metres (664 square feet)	On Main Floor Area* RM1,292 per square metre (RM120 per square feet) On Ancillary Floor Area* RM431 per square metre (RM40 per square feet)	RM901,600/-	25%	RM676,200/- Say RM680,000/-

* Note : A slightly higher building value is adopted for the corner shopoffice, for the provision of side wall, external façade and additional door and windows at the side and larger ancillary area at the side

The market value of the subject property based on Comparison Approach is summarised as follows:-

Subject Property	Type	Land Value	Building Value	Market Value
PT 14215 (Resurveyed Lot No. 2256) (Premises No. 48)	Corner	RM960,000/-	RM680,000/-	RM1,640,000/-
Lot No. 2257 (Premises No. 49)	Intermediate	RM645,000/-	RM335,000/-	RM980,000/-
Lot No. 2258 (Premises No. 50)	Intermediate	RM645,000/-	RM335,000/-	RM980,000/-
Total				RM3,600,000/-

C H Williams Talhar & Wong Sdn Bhd (18149-U)

Our Ref: WTW/01/V/001646/18/LKC

Page 14

VALUE CONSIDERATION (Cont'd)

b. Income Approach (Investment Method)

As a cross check, we have also adopted the Income Approach (Investment Method) of Valuation.

Summary of Parameters Adopted in Valuation

Description	Parameters	Remarks
Term Gross Rental	RM1.88 per square foot to RM2.52 per square foot (Ground Floor) RM0.66 per square foot to RM0.78 per square foot (First Floor) RM0.44 per square foot to RM0.49 per square foot (Second Floor)	We have adopted current passing rent.
Reversionary Gross Rental	RM1.95 per square foot to RM2.05 per square foot (Ground Floor) RM0.67 per square foot to RM0.65 per square foot (First Floor) RM0.50 per square foot to RM0.55 per square foot (Second Floor)	Considered the concluded rentals of similar office buildings within the vicinity.
Term Monthly Outgoings	RM0.10 per square foot	Considered the current outgoings of the subject property.
Reversionary Monthly Outgoings	RM0.10 per square foot	Considered the actual outgoings.
Void	5.00%	We have adopted the void for rent-free period and risk of vacancy and uncertainty.
Term Capitalisation Rate	4.25%	Based on the recent transaction and rental evidences market rental of the shop/office within Alor Setar town centre, the net yield ranges from 3.82% to 4.84%.
Reversionary Capitalisation Rate	4.75%	Taking into consideration the risk factor such as tenancy renewal, leasing of vacant spaces and upcoming supply, we have adopted the highest yield at 4.5%.

The market value derived from Income Approach (Investment Method) is **RM3,530,000/-**.

C H Williams Talhar & Wong Sdn Bhd (18149-U)

Our Ref: WTW/01/V/001646/18/LKC

Page 15

RECONCILIATION OF VALUE

The market value for the subject property derived from both Comparison Approach and Income Approach (Investment Method) are shown as follows:-

Comparison Approach	-	RM3,600,000/-
Income Approach (Investment Method)	-	RM3,530,000/-

We have adopted the market value derived from Comparison Approach as a fair representation of the market value of the subject property in view that there are plenty of transactions available within the vicinity.

VALUATION

Taking into consideration the above factors, we therefore assess the market value of the subject property free from all encumbrances is **RM3,600,000/- (Ringgit Malaysia : Three Million And Six Hundred Thousand Only)**.

C H Williams Talhar & Wong Sdn Bhd (18149-U)

Our Ref: WTW/01/V/001646/18/LKC

Page 16

3.0 MERGONG SHOPOFFICES
(Our Ref : WTW/08/V/004336/18/PSY/ar)

PROPERTY IDENTIFICATION

The property : Nine (9) adjoining units of three (3)-storey shopoffices

Address : Nos. 10, 11, 12, 13, 15, 16, 17, 18 and 19, Taman Bandar Baru Mergong, 05150 Alor Setar, Kedah

Lot Nos., Title Nos. and Land Area	Premises Nos.	Title Nos.	Lot Nos.	Resurveyed Lot Nos.	Land Area
	10	HSM 14308	PT 1228	8392	149 square metres (1,604 square feet)
	11	HSM 14309	PT 1229	8391	149 square metres (1,604 square feet)
	12	HSM 14310	PT 1230	8390	149 square metres (1,604 square feet)
	13	HSM 14311	PT 1231	8389	149 square metres (1,604 square feet)
	15	HSM 14312	PT 1232	8388	149 square metres (1,604 square feet)
	16	HSM 14313	PT 1233	8387	149 square metres (1,604 square feet)
	17	HSM 14314	PT 1234	8386	149 square metres (1,604 square feet)
	18	HSM 14315	PT 1235	8385	149 square metres (1,604 square feet)
	19	HSM 14316	PT 1236	8384	278 square metres (2,992 square feet)

All within Town of Alor Setar, District of Kota Setar, Kedah

Tenure : Term in Perpetuity (Freehold)

Registered Owner : PP CHIN HIN SDN. BHD.

Category of Land Use : Building

Express Condition : "Tanah yang terkandung dalam hakmilik ini hendaklah digunakan sebagai tapak perniagaan (Kedai / Pejabat) sahaja."

Restriction in Interest : "Di tegah tuan tanah membuat sebarang perkiraan (dealings) di atas tanah yang hendak dimajukan sebagai tapak perniagaan itu melainkan tuan tanah bina dan peliharakan simpanan jalan itu dan taruh batu dan tar menurut taraf Jabatan Kerja Raya serta mendapat sokongan daripada Jabatan Kerja Raya bahawa jalan-jalan dan parit-parit itu dapat disempurnakan"

Encumbrances : Charged to HSBC BANK MALAYSIA BERHAD

Note : According to the Certified Plan No. 140000 the subject Lot Nos. PT 1228, PT 1229, PT 1230, PT 1231, PT 1232, PT 1233, PT 1234, PT 1235 and PT 1236 have been resurveyed and allotted new Lot Nos. 8392, 8391, 8390, 8389, 8388, 8387, 8386, 8385 and 8384 respectively without any change in the final surveyed land areas.

C H Williams Talhar & Wong Sdn Bhd (18149-U)

Our Ref: WTW/01/V/001646/18/LKC

Page 17

GENERAL DESCRIPTION

The subject property are Nine (9) adjoining units of three (3)-storey shopoffices known as Nos. 10,11,12,13,15,16,17,18 and 19, Taman Bandar Baru Mergong, 05150 Alor Setar, Kedah.

Site

Lot No. PT 1228 (Resurveyed Lot No. 8392) is an end lot while PT 1236 (Resurveyed Lot No. 8384) is a corner lot. The others are intermediate lots. The intermediate and end lots have land areas of 149 square metres each and are rectangular in shape. Each lot has a frontage of approximately 6.1 metres onto Jalan Lengkok Sari and a depth of 24.38 metres. The corner lot of PT 1236 (Resurveyed Lot No. 8384) has a land area of 278 square metres and has a frontage of approximately 6.1 metres onto Jalan Lengkok Sari, a front splayed corner of 6.77 metres and a return frontage of 19.93 metres onto another unnamed service road.

The site is generally flat and lie at about the same level as the existing frontage roads.

Building

The three storey shop offices are constructed of reinforced concrete framework with plastered brick walls and concrete flat roof.

The subject property has been issued with a Certificate of Fitness for Occupation (CFO) by Majlis Bandaraya Alor Setar (MBAS) bearing reference no. B 0066 dated on 22 July 2010. The age of the subject property is approximately 11 years old based on a copy of Sale and Purchase Agreement dated 19 November 2007.

The Renovation Building Plan bearing reference no. NA/1008019 prepared by NG Architect & Rakan Rakan has been approved by Jabatan Bomba Dan Penyelamat Malaysia (JBPM) on June 2011. Based on our enquiries with Majlis Bandaraya Alor Setar (MBAS), we were given to understand that the renovation plans / as-built plans are required to be submitted to MBAS for approvals and issuance of new Certificate of Completion and Compliance (CCC). As at the date of valuation, the tenant have yet to submit the renovation building plans / as-built plans to MBAS for approval as well as obtaining the CCC.

At the time of inspection, we noted that subject buildings on Lot Nos. PT 1228 to PT 1235 (Resurveyed Lot Nos. 8392 to 8385) Premises Nos. 10 to 18 except for the ground floor of Premises Nos. 15 to 18 were mainly occupied as a boutique hotel and the renovations were done by the tenant. The renovations are not considered in our valuation as the tenant has to make good to the original condition upon the termination of the tenancy.

We also noted that the rear portions of the subject buildings for Lot Nos. PT 1228 to PT 1234 (Resurveyed Lot Nos. 8392 to 8386) (Premises Nos. 10, 11, 12, 13, 15, 16 and 17) have been extended to accommodate larger space. For the purpose of this valuation, we have disregarded the value of the extension because the document of approval from the Local Authority could not be furnished to us.

Floor finishes of the subject property are generally of ceramic tiles whilst the ceiling is general of plastered ceiling incorporating downlights, fairfaced concrete and flat sheets. The main entrances are generally of metal roller shutter with frameless glass swing doors and other doors are generally of timber panel, metal and PVC.

During our inspection, we noted that the party walls on the first and second floors between all eight (8) units had been demolished / removed to provide access between the units and allow larger space to house various hotel accommodation. We also noted that reinforced concrete staircases within Premises Nos. 10, 12, 13, 15 and 16 had been demolished.

C H Williams Talhar & Wong Sdn Bhd (18149-U)

Our Ref: WTW/01/V/001646/18/LKC

Page 18

GENERAL DESCRIPTION (Cont'd)

Building (Cont'd)

The boutique hotel (Premises Nos. 10 to 18 except for the ground floor of Premises Nos. 15 to 18) is issued with an annual license to operate as a hotel by Majlis Bandaraya Alor Setar which commencing on 7 June 2012 and renewed until 20 June 2019.

The total gross floor area for end and intermediate units are approximately 390.20 square metres each whilst for corner unit is approximately 773.42 square metres.

PLANNING PROVISION

The subject property is designated for commercial use as per the Express Condition in the document of titles.

OCCUPATION

At the time of our inspection, the subject buildings were tenanted to Chin Hin Hotel Sdn. Bhd. and operated as a hotel under the style of The Leverage Business Hotel except for the ground floors for Lot Nos. PT 1232 (Resurveyed Lot No. 8388) (Premises No. 15) and PT 1235 (Resurveyed Lot No. 8385) (Premises No. 18) which were tenanted to Pemborong Pakaian Good Fashion and 7-Eleven Convenient store respectively. The other ground floors for Lot Nos. PT 1233 (Resurveyed Lot No. 8387) (Premises No. 16) and PT 1234 (Resurveyed Lot No. 8386) (Premises No. 17) were vacant. For the Lot No. 1236 (Resurveyed Lot No. 8384) (Premises No. 19), the subject building was tenanted to Malayan Banking Berhad.

We were given to understand that the tenant; Chin Hin Hotel Sdn. Bhd. is related to the registered owner.

VALUE CONSIDERATION

a) **Comparison Approach**

Under the Comparison Approach, the sale evidences have been analysed and adjusted for the differences for location-general (surrounding), location-accessibility, size and position (intermediate / end / corner lot) to arrive at the market value.

i) **Adjustments – For the subject three (3)-storey shopoffices intermediate and end units**

Details	Comparable 1	Comparable 2	Comparable 3
Source	Valuation and Property Services Department (JPPH)	Valuation and Property Services Department (JPPH)	Valuation and Property Services Department (JPPH)
Scheme	Pekan Simpang Kuala	Jalan Sultanah Sambungan	Plaza Mentaloon
Title No.	Geran 142632	HS(M) Kekal 21070	HS(M) Kekal 1103
Lot No.	63	PT 9335	PT 444
Town	Alor Setar	Alor Setar	Alor Merah
District	Kota Setar	Kota Setar	Kota Setar
State	Kedah	Kedah	Kedah
Address	No. 63, Jalan PSK 1	Plot No. 15, Lebuhraya Sultanah Bahiyah	Plot No. 5, Lebuhraya Darulaman
Land Area	149.00 square metres (1,600 square feet)	106.00 square metres (1,141 square feet)	130.10 square metres (1,400 square feet)
Type	3-storet shopoffice (Intermediate)	3-storet shopoffice (End)	3-storet shopoffice (Intermediate)
Tenure	Term in Perpetuity	Term in Perpetuity	Term in Perpetuity

C H Williams Talhar & Wong Sdn Bhd (18149-U)

Our Ref: WTW/01/V/001646/18/LKC

Page 19

VALUE CONSIDERATION (Cont'd)

a) Comparison Approach (Cont'd)

i) Adjustments – For the subject three (3)-storey shopoffices intermediate and end units (Cont'd)

Details	Comparable 1	Comparable 2	Comparable 3
Date	14/10/2017	28/08/2017	20/08/2017
Vendor	Hai Hin Radio Sdn Bhd	Eternal Development Sdn Bhd	Obligasi Kekal Sdn Bhd
Purchaser	K.T.Ooi Holding Sdn Bhd	Lim Hong Ern	Lim Ah Ba @ Lim Soon Meng
Consideration	RM1,300,000	RM1,250,000	RM1,180,000
Analysis Land Value	RM5,662 per square metre (RM526 per square foot)	RM7,728 per square metre (RM718 per square foot)	RM6,071 per square metre (RM564 per square foot)
Adjustments	Adjustments are made for location-general (surrounding), location-accessibility, size, and position (intermediate / end / corner lot)		
Adjusted Land Value	RM5,091 per square metre (RM473 per square foot)	RM5,027 per square metre (RM467 per square foot)	RM5,468 per square metre (RM508 per square foot)

From the above analysis, the adjusted land values range from RM5,027 per square metre (RM467 per square foot) to RM5,468 per square metre (RM508 per square foot).

Having regard to the foregoing, we have adopted Comparable 1 as the best comparable for the subject property due to its recent transaction and similarity in terms of size.

The adjusted land value of comparable 1 is RM5,091 per square metre (RM473 per square foot). The average adjusted land value for all 3 comparables is RM5,199 per square metre (RM483 per square foot).

The base land value adopted is a round figure of RM5,059 per square metre (RM470.00 per square foot). Further adjustments are made on the end unit benefit. Thus, the adjusted land value is RM5,597 per square metre (RM520.00 per square foot) for the end unit.

The land value adopted for the subject intermediate and end units are as follows:-

Description	Land area (per unit)	Land Value	Land Value (per unit)	Total Land Values
7 units of three (3)-storey shopoffice – Intermediate units	149 square metres (1,604 square feet)	RM5,059 per square metre (RM470 per square foot)	RM753,880/- Say RM750,000/-	RM5,250,000
A three (3)-storey shopoffice – End unit	149 square metres (1,604 square feet)	RM5,597 per square metre (RM520 per square foot)	RM834,080/- Say RM850,000/-	RM850,000/-

ii) Adjustment - For the subject three (3)-storey shopoffices corner unit

Details	Comparable 1	Comparable 2
Source	Valuation and Property Services Department (JPPH)	Valuation and Property Services Department (JPPH)
Scheme	Pekan Simpang Kuala	Taman Desa Baiduri
Title No.	HS(D) Kekal 22219	HS(M) Kekal 17907
Lot No.	PT 9678	PT 4856
Town	Alor Setar	Alor Setar
District	Kota Setar	Kota Setar
State	Kedah	Kedah
Address	No 219A, B & C, Jalan Alor Setar – Simpang Empat	PT 4856, Jalan Gangsa

C H Williams Talhar & Wong Sdn Bhd (18149-U)

Our Ref: WTW/01/V/001646/18/LKC

Page 20

VALUE CONSIDERATION (Cont'd)

a) Comparison Approach (Cont'd)

ii) Adjustment - For the subject three (3)-storey shopoffices corner unit (Cont'd)

Details	Comparable 1	Comparable 2
Land Area	254.00 square metres (2,734 square feet)	256.00 square metres (2,756 square feet)
Type	3-storey shopoffice – (Corner)	3-storey shopoffice – (Corner)
Tenure	Term in Perpetuity	Term in Perpetuity
Date	30/06/2016	3/03/2016
Vendor	Liew Yin Fong	Syed Zulkiflee Bin Syed Abdullah
Purchaser	Kasihku Marketing Sdn Bhd	Apple Baby House Sdn Bhd
Consideration	RM1,900,000/-	RM1,200,000/-
Analysis Land Value (RM psf)	RM4,822 per square metre (RM448 per square foot)	RM2,088 per square metre (RM194 per square foot)
Adjustments	Adjustments are made for location-general (surrounding), location-accessibility, time and size	
Adjusted Value	RM4,090 per square metre (RM380 per square foot)	RM2,723 per square metre (RM253 per square foot)

From the above analysis, the adjusted land values range from RM2,723 per square metre (RM253 per square foot) to RM4,090 per square metre (RM380 per square foot).

Having regard to the foregoing, we have adopted Comparable 1 as the best comparable as it is the latest transaction and also due to its similarity in terms of total floor area.

The adjusted land value of Comparable 1 is RM4,090 per square metre (RM380 per square foot). The average adjusted land value for both comparable is RM3,412 per square metre (RM317 per square foot).

The land value adopted for the corner unit is as follows:-

Description	Land Area	Land Value	Total Land Value
A three (3)-storey shopoffice – corner unit	278 square metres (2,992 square feet)	RM4,090 per square metre (RM380 per square foot)	RM1,136,960/- Say RM1,100,000/-

The building values are derived based on our analysis of estimated construction cost inclusive of profits and financial elements compiled during our previous valuation and from our research as well as the JUBM and Arcadis Construction Cost Handbook Malaysia 2018 published by Arcadis (Malaysia) Sdn Bhd as a guide.

As there are no information of building costs specific for Kota Setar district nor Kedah state, we have referred to the building cost for Penang as a guide for the northern region states, including Kedah state where the subject property is located.

The building value adopted for the subject building is RM100 per square foot for intermediate lot and RM110 per square foot for end lot.

Depreciation

We have taken into consideration the 50 years economical useful life span, building age as at the date of valuation, obsolescence of the physical and functional use of the building. Appropriate adjustments are made for depreciation after taking into account the building age, obsolescence of the physical, functional and economical use of the building. The buildings are approximately 11 years old. Thus the depreciation rate is $11/50 = 22\%$, Say 25%.

C H Williams Talhar & Wong Sdn Bhd (18149-U)

Our Ref: WTW/01/V/001646/18/LKC

Page 21

VALUE CONSIDERATION (Cont'd)

a) Comparison Approach (Cont'd)

The building values adopted for the subject buildings are as follows:-

Subject property	Floor Area (Per Unit)	Building Value Adopted	Building Value Per Unit Before Depreciation	Depreciation	Depreciated Building Value (Per Unit)
3-storey intermediate shopoffice	Main Floor Area : 377.19 square metres (4,060 square feet) Ancillary Floor Area : 13.01 square metres (140 square feet)	On Main Floor Area RM1,076 per square metre (RM100 per square feet) On Ancillary Floor Area RM323 per square metre (RM30 per square feet)	RM410,200/-	25%	RM307,650/- Say RM300,000/-
3-storey end shopoffice	Main Floor Area : 377.19 square metres (4,060 square feet) Ancillary Floor Area : 13.01 square metres (140 square feet)	On Main Floor Area RM1,184 per square metre (RM110 per square feet) On Ancillary Floor Area RM323 per square metre (RM30 per square feet)	RM450,800/-	25%	RM338,100/- Say RM350,000/-
3-storey corner shopoffice	Main Floor Area : 702.72 square metres (7,564 square feet) Ancillary Floor Area : 70.70 square metres (761 square feet)	On Main Floor Area* RM1,292 per square metre (RM120 per square feet) On Ancillary Floor Area* RM431 per square metre (RM40 per square feet)	RM938,120/-	25%	RM703,590/- Say RM700,000/-

* Note : A slightly higher building value is adopted for the end and corner shopoffice units, for the provision of side wall, external facade and additional door and windows at the side and larger ancillary at the side.

Presently there is a passenger lift within unit No. 12 (Lot No. PT 1230. The value of this fixture is taken at RM100,000.

The market value of the subject property based on Comparison Approach is as follows:-

Subject Property	Type	Land Value	Building Value	Market Value
PT 1228 (Resurveyed Lot No. 8392) (Premises No. 10)	End	RM850,000/-	RM350,000/-	RM1,200,000/-
PT 1229 (Resurveyed Lot No. 8391) (Premises No. 11)	Intermediate	RM750,000/-	RM300,000/-	RM1,050,000/-
PT 1230 (Resurveyed Lot No. 8390) (Premises No. 12)	Intermediate	RM750,000/-	RM400,000/-*	RM1,150,000/-
PT 1231 (Resurveyed Lot No. 8389) (Premises No. 13)	Intermediate	RM750,000/-	RM300,000/-	RM1,050,000/-

C H Williams Talhar & Wong Sdn Bhd (18149-U)

Our Ref: WTW/01/V/001646/18/LKC

Page 22

VALUE CONSIDERATION (Cont'd)

a) Comparison Approach (Cont'd)

The market value of the subject property based on Comparison Approach is as follows:- (Cont'd)

Subject Property	Type	Land Value	Building Value	Market Value
PT 1232 (Resurveyed Lot No. 8388) (Premises No. 15)	Intermediate	RM750,000/-	RM300,000/-	RM1,050,000/-
PT 1233 (Resurveyed Lot No. 8387) (Premises No. 16)	Intermediate	RM750,000/-	RM300,000/-	RM1,050,000/-
PT 1234 (Resurveyed Lot No. 8386) (Premises No. 17)	Intermediate	RM750,000/-	RM300,000/-	RM1,050,000/-
PT 1235 (Resurveyed Lot No. 8385) (Premises No. 18)	Intermediate	RM750,000/-	RM300,000/-	RM1,050,000/-
PT 1236 (Resurveyed Lot No. 8384) (Premises No. 19)	Corner	RM1,100,000/-	RM700,000/-	RM1,800,000/-
Total				RM10,450,000/-

* Note : Building value inclusive of lift

b) Income Approach (Investment Method)

As a check, we have adopted the Income Approach (Investment Method) of Valuation.

Description	Parameters	Remarks
Term Gross Rental	RM2.18 per square foot to RM2.42 per square foot (Ground Floor) RM0.79 per square foot to RM0.87 per square foot (First Floor) RM0.39 per square foot to RM0.46 per square foot (Second Floor)	We have adopted current passing rent.
Reversionary Gross Rental	RM2.40 per square foot to RM2.65 per square foot (Ground Floor) RM0.85 per square foot to RM0.90 per square foot (First Floor) RM0.70 per square foot to RM0.75 per square foot (Second Floor)	Considered and adjusted the concluded and asking rentals of similar shopoffices within the vicinity to arrive at the estimated market rental of the subject property
Term Monthly Outgoings	RM0.20 per square foot	Considered the current outgoings of the subject property.
Reversionary Monthly Outgoings	RM0.20 per square foot	Considered the actual outgoings.

C H Williams Talhar & Wong Sdn Bhd (18149-U)

Our Ref: WTW/01/V/001646/18/LKC

Page 23

VALUE CONSIDERATION (Cont'd)

b) Income Approach (Investment Method) (Cont'd)

Description	Parameters	Remarks
Void	5.00%	We have adopted the void for rent-free period and risk of vacancy and uncertainty.
Term Capitalisation Rate	4.25%	Based on the recent transaction and rental evidences of the shopoffices within Alor Setar town centre, the net yield ranges from 3.83% to 4.91%. The average of the yields is 4.29%.
Reversionary Capitalisation Rate	4.75%	Taking into consideration the uncertainty factor such as tenancies renewal, leasing of vacant spaces and upcoming supply, we have adopted a slightly higher yield at 4.75% to reflect the uncertainty.

The market value derived from Income Approach (Investment Method) is RM10,000,000/-.

RECONCILIATION OF VALUE

The market value for the subject property derived from both Comparison Approach and Income Approach (Investment Method) are shown as follows:-

Comparison Approach	-	RM10,450,000/-
Income Approach (Investment Method)	-	RM10,000,000/-

We have adopted the market value derived from Comparison Approach as a fair representation of the market value of the subject property in view that there are sufficient of transactions available within the vicinity for analysis and adjustments to reflect the market value.

VALUATION

Taking into consideration the above factors, we therefore assess the market value of the subject property, and free from all encumbrances is **RM10,450,000/- (Ringgit Malaysia : Ten Million Four Hundred And Fifty Thousand Only).**

FURTHER INFORMATION**1. DIRECTORS' RESPONSIBILITY STATEMENT**

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

Information relating to the Purchaser was provided by the management of the Purchaser. The responsibility of the Board is therefore restricted in ensuring that such information is accurately reproduced in this Circular.

2. CONSENTS AND DECLARATION OF CONFLICT OF INTERESTS***Consents***

M&A Securities, being the Adviser for the Proposed Disposal, has given and has not subsequently withdrawn its written consent to the inclusion in this Circular of its name and all references in the form and context in which they appear in this Circular.

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

CBRE | WTW, being the Independent Valuer for the Said Properties, has given and has not subsequently withdrawn its written consent to the inclusion in this Circular of its name, its valuation certificates and all references in the form and context in which they appear in this Circular.

Declaration of conflict of interests

M&A Securities, FHCA and CBRE | WTW are not aware of any situation which would likely to give rise to a possible conflict of interest in relation to their respective roles as the Adviser, Independent Adviser and Independent Valuer.

3. MATERIAL CONTRACTS

As at LPD, save for the SPAs, Chin Hin Group has not entered into any material contracts (not being contracts entered into in the ordinary course of business) within the 2 years immediately preceding LPD relating to the Said Properties.

4. MATERIAL LITIGATION, CLAIMS OR ARBITRATION

As at LPD, there are no proceedings pending or threatened against the Said Properties, or of any facts likely to give rise to any proceedings which may materially and adversely affect the Said Properties.

5. MATERIAL COMMITMENTS

Save as disclosed below, as at LPD, the Board is not aware of any material commitments contracted or known to be contracted by Chin Hin Group, that is likely to have an impact on Chin Hin Group's profits or NA upon becoming enforceable:-

	<u>RM'000</u>
Approved and contracted for: Property, plant and equipment	11,083

6. CONTINGENT LIABILITIES

Save as disclosed below, as at LPD, the Board is not aware of any contingent liabilities incurred or known to be incurred by Chin Hin Group, which upon becoming enforceable, may have a material impact in the ability of the Group to meet the obligations as and when they fall due:

	<u>RM'000</u>
Corporate guarantees given to licensed banks for credit facility granted to related companies under Chin Hin Group	506,696

7. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the Registered Office of the Company at Suite 10.02, Level 10, The Gardens South Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur during normal business hours from Monday to Friday (except public holidays) from the date of this Circular up to the date of EGM:

- (i) Constitution of the Company;
- (ii) SPAs;
- (iii) Valuation reports and valuation certificates issued by the Independent Valuer in relation to the Said Properties;
- (iv) Audited consolidated financial statements of Chin Hin for the FYE 31 December 2016 and 31 December 2017 and the unaudited consolidated financial statement of Chin Hin for 30 June 2018; and
- (v) Letters of consent and declaration of conflict of interests referred to in Section 2 above.



CHIN HIN GROUP BERHAD

(Company No.: 1097507-W)

(Incorporated in Malaysia)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT an Extraordinary General Meeting of Chin Hin Group Berhad ("**Chin Hin**" or the "**Company**") will be held at Chin Hin Culture Centre, No. F-0-1 and F-0-2, Pusat Perdagangan Kuchai, No. 2, Jalan 1/127, Off Jalan Kuchai Lama, 58200 Kuala Lumpur on Monday, 26 November 2018 at 10.00 a.m. or at any adjournment thereof for the purpose of considering and, if thought fit, to pass with or without modifications the following resolution:

ORDINARY RESOLUTION

PROPOSED DISPOSAL OF PROPERTIES BY PP CHIN HIN SDN BHD ("PP CHIN HIN"), A WHOLLY-OWNED SUBSIDIARY OF CHIN HIN, TO CHIN HIN BUILDING MATERIALS SUPPLY (JB) SDN BHD FOR A TOTAL CASH CONSIDERATION OF RM21,150,000 ("PROPOSED DISPOSAL")

"**THAT** subject to the approvals of all relevant parties and/or authorities being obtained (where required), approval be and is hereby given to PP Chin Hin to dispose the following properties:

- (i) 5 units of 3-storey shop office located at No. A-23, A-23A, A-25, A-26 and A-27, Jalan Reef 1/1, Pusat Perniagaan Reef, 48000 Rawang, Selangor Darul Ehsan ("**Rawang Units**");
- (ii) 3 units of 3-storey shop office located at No. 48, 49 and 50, Jalan Kuala Kedah, Taman Gunung Indah, 05400 Alor Setar, Kedah Darul Aman ("**Gunung Indah Units**"); and
- (iii) 9 units of 3-storey shop office located at No. 10, 11, 12, 13, 15, 16, 17, 18 and 19, Taman Bandar Baru Mergong, 05150 Alor Setar, Kedah Darul Aman ("**Mergong Units**"),

for a total cash consideration of RM21,150,000, subject to and upon such terms and conditions as set out in the conditional sale and purchase agreements, all dated 6 June 2018 entered into between PP Chin Hin and Chin Hin Building Materials Supply (JB) Sdn Bhd for the Proposed Disposal.

AND THAT the Directors of the Company be and are authorised to do all acts, deeds and things and execute all documents as they may deem fit or expedient in order to carry out, finalise and give effect to the Proposed Disposal with full powers to assent to any conditions, modifications, variations and/or amendments as may be required or permitted by any relevant authorities and to take all steps as they may consider necessary or expedient in the best interest of the Company in order to implement, finalise and give full effect to the Proposed Disposal."

**BY ORDER OF THE BOARD OF
CHIN HIN GROUP BERHAD**

TAN TONG LANG (MAICSA 7045482)

THIEN LEE MEE (LS0009760)

Company Secretaries

Kuala Lumpur
30 October 2018

Notes:

1. A member entitled to attend and vote at the general meeting may appoint up to 2 proxies to attend and vote in his stead. A proxy may but need not be a member of the Company.
2. The Form of Proxy must be signed by the appointor or his attorney duly authorised in writing or in the case of a corporation, be executed under its common seal or under the hand of its officer, attorney or other person duly authorised in writing.
3. Where a member appoints 2 proxies, the appointment shall be invalid unless he specifies the proportion of his holdings to be represented by each proxy.
4. Where a member of the Company is an exempt authorised nominee defined under the Central Depositories Act which is exempted from compliance with the provision of subsection 25A(1) of the Central Depositories Act which holds ordinary shares in the Company for multiple beneficial owners in one Securities Account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
5. The Form of Proxy or other instruments of appointment must be deposited at the office of the Company's Share Registrar at Lot 6.05, Level 6, KPMG Tower, 8, First Avenue, Bandar Utama, 47800 Petaling Jaya, Selangor, not less than 48 hours before the time appointed for holding the meeting or adjourned meeting at which the person named in the instrument, proposes to vote or, in the case of a poll, not less than 24 hours before the time appointed for the taking of the poll.
6. For the purpose of determining a member who shall be entitled to attend the meeting, only a member whose name appear in the Record of Depositors as at 19 November 2018 will be entitled to attend, speak and vote at the said meeting or appoint proxies to attend, speak and vote on his stead.
7. Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the resolution set out above will be put to vote by way of poll.



Total number of ordinary shares held	
CDS Account No.	

FORM OF PROXY

I/We.....
 NRIC/Company No.....
 of
 being a member of the Company, hereby appoint
 NRIC/Passport No.....
 of
 or failing whom,
 NRIC/Passport No.....
 of
 or failing him/her, *the Chairman of the Meeting as *my/our proxy to vote for *me/us on *my/our behalf at the Extraordinary General Meeting of the Company, to be held at Chin Hin Culture Centre, No. F-0-1 and F-0-2, Pusat Perdagangan Kuchai, No. 2, Jalan 1/127, Off Jalan Kuchai Lama, 58200 Kuala Lumpur, on Monday, 26 November 2018 at 10.00 a.m. or any adjournment thereof.

*** Please delete the words "the Chairman of the Meeting" if you wish to appoint some other person to be your proxy**

My/our proxy is to vote as indicated below:-

Ordinary Resolution		For	Against
1.	Proposed Disposal		

(Please indicate with an "X" in the space provided on how you wish to cast your vote. If you do not do so, the proxy will vote or abstain from voting at his discretion.)

Dated this day of 2018

For appointment of two proxies, percentage of shareholdings to be represented by the proxies:

.....

	No. of shares	Percentage
Proxy 1		
Proxy 2		
Total		100%

Signature/Common Seal of shareholder

Contact No:.....

Notes:

1. A member entitled to attend and vote at the general meeting may appoint up to 2 proxies to attend and vote in his stead. A proxy may but need not be a member of the Company.
2. The Form of Proxy must be signed by the appointor or his attorney duly authorised in writing or in the case of a corporation, be executed under its common seal or under the hand of its officer, attorney or other person duly authorised in writing.
3. Where a member appoints 2 proxies, the appointment shall be invalid unless he specifies the proportion of his holdings to be represented by each proxy.
4. Where a member of the Company is an exempt authorised nominee defined under the Central Depositories Act which is exempted from compliance with the provision of subsection 25A(1) of the Central Depositories Act which holds ordinary shares in the Company for multiple beneficial owners in one Securities Account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
5. The Form of Proxy or other instruments of appointment must be deposited at the office of the Company's Share Registrar at Lot 6.05, Level 6, KPMG Tower, 8, First Avenue, Bandar Utama, 47800 Petaling Jaya, Selangor, not less than 48 hours before the time appointed for holding the meeting or adjourned meeting at which the person named in the instrument, proposes to vote or, in the case of a poll, not less than 24 hours before the time appointed for the taking of the poll.
6. For the purpose of determining a member who shall be entitled to attend the meeting, only a member whose name appear in the Record of Depositors as at 19 November 2018 will be entitled to attend, speak and vote at the said meeting or appoint proxies to attend, speak and vote on his stead.
7. Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the resolution set out above will be put to vote by way of poll.



Fold this flap for sealing

Then fold here

AFFIX
STAMP

**THE SHARE REGISTRAR OF
CHIN HIN GROUP BERHAD**
Boardroom Corporate Services (KL) Sdn Bhd
Lot 6.05, Level 6
KPMG Tower
8 First Avenue, Bandar Utama
47800 Petaling Jaya
Selangor Darul Ehsan

1st fold here
