GLG Corp Ltd
ACN 116 632 958

Notice of Annual General Meeting to be held on 14 November 2016

and

Explanatory Memorandum for the Notice of Annual General Meeting

and

Independent Expert's Report

THE INDEPENDENT EXPERT'S REPORT PREPARED BY WILLIAM BUCK CORPORATE ADVISORY SERVICES (NSW) PTY LIMITED CONCLUDES THAT THE PROPOSED TRANSACTION IS FAIR AND REASONABLE TO THE NON-ASSOCIATED SHAREHOLDERS OF THE COMPANY. PLEASE REFER TO THE INDEPENDENT EXPERT'S REPORT SET OUT IN SECTION E OF THIS NOTICE.

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. IF YOU ARE IN ANY DOUBT ABOUT THE ACTION YOU SHOULD TAKE PLEASE CONSULT YOUR STOCKBROKER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISER.

NOTICE OF THE ANNUAL GENERAL MEETING TO BE HELD AT AT LEVEL 29 CHIFLEY TOWER, 2 CHIFLEY SQUARE, SYDNEY NSW 2000 AT 10:00AM SYDNEY TIME ON 14 NOVEMBER 2016

TO BE VALID, FORMS OF PROXY FOR USE AT THE ANNUAL GENERAL MEETING MUST BE COMPLETED AND RETURNED TO THE COMPANY NO LATER THAN 10:00AM SYDNEY TIME ON 12 NOVEMBER 2016

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Section A Chairman's Letter

6 October 2016

Dear Shareholder

The Directors of GLG Corp Ltd ACN 116 632 958 (**Company**) have convened the Annual General Meeting of Shareholders to be held on 14 November 2016 to:

- table the financial statements and reports of the Company for the financial year ended 30 June 2016;
- vote on the re-election of Directors; and
- obtain the approval of Shareholders in relation to the Company undertaking the proposed transaction outlined below.

Due to changing market conditions in the textile industry, the Directors formed the view that the Company needs to provide additional services beyond its existing business (the provision of supply chain management services) in order to adapt to these changing conditions. In particular, the Directors consider that it is in the best interests of the Company to acquire a fabric mill in Malaysia.

Accordingly, the Company approached Ghim Li Group Pte Ltd (**Vendor**), a major shareholder of the Company, to acquire all of the issued share capital in G&G International Pte Ltd (**Target**). The Target is, or immediately prior to completion of the acquisition of the Target will be, the registered legal and beneficial owner of the entire issued capital of each of Maxim Textile Technology Sdn Bhd, a company incorporated in Malaysia (**Maxim Malaysia**) and Maxim Textile Technology Pte Ltd, a company incorporated in Singapore (**Maxim Singapore**). Maxim Malaysia owns the fabric mill.

By acquiring the Target, the Company will have a vertically integrated textile manufacturing and supply business and will be able to offer speed to market solutions to its customers. The acquisition will allow the Company to control each of the steps in the value chain which will help in further growing the business. The Directors believe that the ownership of the mill will offer, amongst other things, the flexibility to plan for shorter production lead-times which will enable the Company to offer its customers speed to market supply solutions.

The Vendor has agreed to sell and the Company has agreed to acquire the Target on the terms and conditions set out in the Share Purchase Agreement dated 30 June 2016 (and varied on 2 September 2016) (**Proposed Transaction**). Details of the Proposed Transaction are set out in paragraph 8 of the Explanatory Memorandum) (Section D of the Notice Documents).

The Directors are seeking the approval of Shareholders for the Company's acquisition of the all of the issued capital of the Target from the Vendor and if the Company elects to, in its absolute discretion, to issue Consideration Shares, as part consideration for the acquisition of all of the issued capital of the Target. As the Vendor is the controlling Shareholder of the Company, the Proposed Transaction is a related party transaction. Accordingly, the Company is seeking the approval of its Shareholders in accordance with Chapter 2E of the Corporations Act and Listing Rules 10.1 and 10.11.

Notice of Annual General Meeting and accompanying documents

This letter is accompanied by a Notice of Annual General Meeting (Section C), an Explanatory Memorandum (Section D) and an Independent Expert's Report (Section E). The Notice of Annual

General Meeting sets out the Resolution that Shareholders are to consider. The Explanatory Memorandum explains in greater detail the background to the proposed Resolution.

The Directors appointed William Buck Corporate Advisory Services (NSW) Pty Limited as the Independent Expert to report on the fairness and reasonableness of the Proposed Transaction to the non-associated shareholders of the Company. The Independent Expert has concluded that the Proposed Transaction is fair and reasonable to the non-associated shareholders of the Company. The Independent Expert's Report is contained in Section E.

Shareholders are encouraged to read these Notice Documents, including the Explanatory Memorandum and Independent Expert's Report, closely and in their entirety and to attend the Annual General Meeting and vote on the Resolution. A proxy form is enclosed to enable any Shareholder who is unable to attend the Annual General Meeting to vote at the meeting.

The Directors support the Resolution contained in the Notice of Annual General Meeting. We recommend that you vote in favour of the Resolution, full details of which are contained in the Notice of Annual General Meeting.

Yours faithfully

Estina Ang Suan Hong
Executive Chairman

Section B Glossary

1. Definitions

The following definitions are used in the Chairman's Letter, the Notice of Annual General Meeting and the Explanatory Memorandum:

Annual General Meeting	means the annual general meeting of the Company to be held on 14 November 2016 pursuant to the Notice of Annual General Meeting.
Associate	has the meaning given to that term in sections 10 to 17 of the Corporations Act.
ASX	means ASX Limited ACN 008 624 691 or the securities exchange market operated by the ASX, as the context requires.
ASX Listing Rules or **Listing Rules**	means the official listing rules issued and enforced by the ASX, as amended from time to time.
Board or **Board of Directors**	means the board of Directors of the Company.
Business Day	means a day which is not a Saturday, Sunday or public holiday in Sydney.
Chairman	means the chairman of the Company, who is currently Estina Ang Suan Hong.
Company or **GLG**	means GLG Corp Ltd ACN 116 632 958 of Level 40, 100 Miller Street, North Sydney NSW 2060.
Completion	means completion of the Proposed Transaction on the Completion Date.
Completion Consideration	means the consideration to be provided by the Company to the Vendor on Completion, a description of which is contained in paragraph 12.3 of the Explanatory Memorandum (Section D).
Completion Date	means the day that is no later than three Business Days after satisfaction (or waiver to the extent possible) of the Conditions Precedent.

Conditions Precedent	means the conditions precedent to Completion, a description of which is contained in paragraph 12.3(g) of the Explanatory Memorandum (Section D).
Consideration	has the meaning given to that term in paragraph 12.3 of the Explanatory Memorandum (Section D).
Consideration Shares	means Shares issued by the Company to the Vendor (if any) which on issue will form part of the Consideration as determined in accordance with the Share Purchase Agreement, a summary of the relevant provision is contained in paragraph 12.3 of the Explanatory Memorandum (Section D). The number of Consideration Shares will be calculated in accordance with the following formula up to the amount of the Excess Consideration: Consideration Shares = the Excess Consideration (or part thereof as determined by the Company) ÷ VWAP.
Corporations Act	means *Corporations Act 2001* (Cth).
Directors	means the directors of the Company.
Excess Consideration	has the meaning given to that term in paragraph 12.3 of the Explanatory Memorandum (Section D).
Explanatory Memorandum	means the explanatory memorandum set out in Section D of this document.
G&G Shares	means two fully paid ordinary shares in the Target comprising the entire issued share capital of the Target held by the Vendor.
GL Loan	means the loan from the Company to the Vendor, the balance of which as at 31 March 2016 is US$3,837,856.86.
Independent Expert	means William Buck Corporate Advisory Services (NSW) Pty Limited ACN 133 845 637.
Independent Expert's Report	means the expert report prepared by the Independent Expert and set out in Section E of this document.
Independent Valuation	means the valuation of each of the properties owned by Maxim Malaysia as at 30 April 2016.

Maxim Malaysia	means Maxim Textile Technology Sdn Bhd, a company incorporated in Malaysia with company number 229878-X of PLO 54, Jalan Perindustrian, Senai Fasa 2, Kawansan Perindustrian Fasa II, 81400 Senai, Johor, Malayisa.
Maxim Singapore	means Maxim Textile Technology Pte Ltd, a company incorporated in Singapore with company number UEN:197201073W of 21 Jalan Mesin, Singapore 368819.
Notice Documents	means the Chairman's Letter (Section A), this Glossary (Section B), the Notice (Section C), the Explanatory Memorandum (Section D), the Independent Expert's Report (Section E) and the Proxy Form (Section F).
Notice of Annual General Meeting or **Notice**	means the notice of Annual General Meeting set out in Section C of this document.
Officially Quoted and **Official Quotation**	means, in relation to a Share, officially quoted on the ASX.
Post Completion Performance Incentive	means the performance incentive to be provided by the Company to the Vendor after Completion in accordance with the Share Purchase Agreement, a summary of the relevant provision is contained in paragraph 12.3 of the Explanatory Memorandum (Section D).
Projected FY2016 NPAT	means US$1 million.
Proposed Transaction	means the proposed acquisition by the Company of the G&G Shares from the Vendor on the terms and conditions contained in the Share Purchase Agreement.
Resolution	means a resolution passed by the requisite majority of Shareholders of the Company on a show of hands or by the requisite majority of votes given on a poll.
Share	means a fully paid ordinary share in the issued capital of the Company and **Shares** means any two or more of them.
Share Purchase Agreement	means the Share Purchase Agreement dated 30 June 2016 and varied on 2 September 2016 between the Company, the Target and the Vendor.

Shareholder	means a holder of a Share.
Target	means G&G International Pte Ltd, a company incorporated in Singapore with the company number UEN:201614419W of 21 Jalan Mesin, Singapore 368819.
Vendor	means Ghim Li Group Pte Ltd, a company incorporated in Singapore with company number UEN:200310183R of 21 Jalan Mesin, Singapore 368819.
VWAP	means the arithmetic average of the daily volume weighted average sale price of a Share sold on the ASX during the five consecutive Business Days prior to the relevant date.

2. Interpretation

For the purposes of interpreting the Chairman's Letter, the Explanatory Memorandum and the Notice of Annual General Meeting:

(a) the singular includes the plural and vice versa;

(b) words importing any gender include both genders;

(c) reference to any statute, ordinance, regulation, rule or other law includes all regulations and other instruments and all consolidations, amendments, re-enactments or replacements for the time being in force;

(d) all headings, bold typing and italics (if any) have been inserted for convenience of reference only and do not define limit or affect the meaning or interpretation of the Chairman's Letter, the Explanatory Memorandum and the Notice of Annual General Meeting;

(e) reference to persons includes bodies corporate and government authorities and in each and every case, includes a reference to the person's executors, administrators, successors, substitutes (including without limitation persons taking by novation and assignment);

(f) reference to **US$** or **US Dollars** is a reference to the lawful tender for the time being and from time to time of the United States of America;

(g) reference to **SG$** or **Singapore Dollars** is a reference to the lawful tender for the time being and from time to time of the Republic of Singapore; and

(h) reference to **$, A$, dollars** or **"Dollars"** is a reference to the lawful tender for the time being and from time to time of the Commonwealth of Australia.

Section C Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the Shareholders of GLG Corp Ltd ACN 116 632 958 (**GLG** or the **Company**) will be held at will be held at Level 29 Chifley Tower, 2 Chifley Square, Sydney NSW 2000 on Monday, 14 November 2016 at 10:00am Sydney time.

Defined terms used in this Notice of Annual General Meeting have the meanings given to them in the Glossary accompanying this Notice of Annual General Meeting.

1. Ordinary Business

1.1 Annual Report

To table and consider the Annual Report of the Company which includes the Financial Report, Directors' Report and Auditor's Report for the period ended 30 June 2016.

Note: The Financial Report, Directors' Report and Auditor's Report for the Company for the year ended 30 June 2016 will be laid before the meeting. There is no requirement for Shareholders to approve those reports. Shareholders will be given an opportunity to raise questions of the Directors and the Company's auditor on the Financial Report and Auditor's Report at the Annual General Meeting.

1.2 Resolution 1: Adoption of Remuneration Report

To consider and, if thought fit, to pass the following Resolution as an **advisory only resolution**:

> *"That, the Remuneration Report for the year ended 30 June 2016 which is attached to the Financial Report as required under section 300A of the Corporations Act 2001 (Cth), be adopted by the Company."*

Note: The Remuneration Report is set out in the Directors' Report and the Annual Report. In accordance with section 250R(3) of the Corporations Act, the votes cast in respect of this Resolution are advisory only and do not bind the Company.

1.3 Resolution 2: Re-election of Christopher Chong MengTak as Director

To consider and, if thought fit, to pass the following Resolution as an **ordinary resolution**:

> *"That, Christopher Chong MengTak having retired from his office as a Director by rotation and, being eligible, having offered himself for election, be re-elected as a Director."*

1.4 Resolution 3: Re-election of Felicia Gan as Director

To consider and, if thought fit, to pass the following Resolution as an **ordinary resolution**:

> *"That, Felicia Gan having retired from her office as a Director by rotation and, being eligible, having offered herself for election, be re-elected as a Director."*

2. Special Business

2.1 Resolution 4: Acquisition of G&G Shares from, and issue of Consideration Shares to, the Vendor

To consider and, if thought fit, to pass the following Resolution as an **ordinary resolution**:

> "*That, for the purposes of ASX Listing Rules 10.1 and 10.11 and Chapter 2E of the Corporations Act and for all other purposes, the acquisition of the G&G Shares from the Vendor (a related party of the Company) and the issue of Consideration Shares as part consideration for the acquisition of the G&G Shares to the Vendor, in accordance with the terms of the Share Purchase Agreement as described in paragraph #12 of the Explanatory Memorandum (Section D), be approved.*"

3. Voting exclusion statement

3.1 Resolution 1

The Corporations Act prohibits any votes being cast on Resolution 1 by or on behalf of a person who is disclosed in the Remuneration Report as a member of the key management personnel of the Company (including the Directors and the Chairman) or a closely related party of that key management personnel. However, such a person may cast a vote on Resolution 1 as a proxy for a person who is permitted to vote and the appointment of the proxy specifies the way the proxy is to vote on the resolution.

3.2 Resolution 4

In accordance with section 224(1) of the Corporations Act and the notice requirements of ASX Listing Rule 10.10.1 for approval under ASX Listing Rule 10.1 and 10.13.6 for approval under ASX Listing Rule 10.11, and ASX Listing rule 14.11.1, the Company will disregard any votes cast on Resolution by 4:

(a) the Vendor;

(b) any Associate of the Vendor.

However, the Company need not disregard a vote if:

(c) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or

(d) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

4. Determination of membership and voting entitlement

The Company has determined, in accordance with its constitution, that for a person's entitlement to vote at the Annual General Meeting, a person will be recognised as a member of the Company and the holder of Shares if that person is registered as a holder of those

Shares at 7:00pm Sydney time on 10 November 2016, being the second Business Day prior to the date of the Annual General Meeting.

5. Votes of members

On a show of hands, each member present in person or by proxy (or, in the case of a body corporate, by a representative) at the Annual General Meeting shall have one vote.

On a poll, every member present in person or by attorney or by proxy (or, in the case of a body corporate, by a representative) shall have one vote for each Share held by him, her or it, provided that all Shares are fully paid.

6. Proxies

Please note that:

(a) a member entitled to attend and vote at the Annual General Meeting is entitled to appoint no more than two proxies;

(b) an instrument appointing a proxy must be in the form of the proxy form attached to this Notice of Annual General Meeting;

(c) where more than one proxy is appointed, each proxy must be appointed to represent a specified proportion of the member's voting rights. If a member appoints two proxies, neither person may vote on a show of hands and on a poll, each person may only exercise the voting rights for the portion of votes the person holds;

(d) a proxy may be a member of the Company;

(e) a proxy need not be a member of the Company;

(f) a proxy form may specify the manner in which the proxy is to vote in respect of a particular Resolution and, where a proxy form so provides, the proxy is not entitled to vote on the Resolution except as specified in the proxy form;

(g) a proxy has the authority to vote on the member's behalf as he or she thinks fit, on any motion to adjourn the Annual General Meeting, or any other procedural motion, unless the member gives a direction to the contrary;

(h) a valid proxy form will be deemed to confer authority to demand or join in demanding a poll;

(i) to be valid, a proxy form must be signed by the member or the member's attorney or, if the member is a corporation, executed in accordance with the corporation's constitution and the Corporations Act (and may be signed on behalf of the corporation by its attorney); and

(j) to be valid, a proxy form and the power of attorney or other authority (if any) under which it is signed (or an attested copy of it) must be received by no later than 10.00 am (Sydney time) on 12 November 2016:

by the Company's share registry:

	- by mail:	GLG Corp Ltd c/- Link Market Services Limited Locked Bag A14 Sydney South NSW 1235 Australia
or	- by facsimile:	(within Australia) (02) 9287 0309 (outside Australia) +61 2 9287 0309
or	- online	**www.linkmarketservices.com.au**

By order of the Board:

Jo Bourke
Company Secretary

Dated: 6 October 2016
Sydney

Section D Explanatory Memorandum

7. Introduction

This Explanatory Memorandum contains the information needed for the Shareholders to assess the Resolutions to be put to them at the Annual General Meeting of the Company on 14 November 2016. A Notice of Annual General Meeting accompanies this document.

In addition, the Independent Expert's Report has been provided which contains an analysis of whether the Proposed Transaction is fair and reasonable to the existing Shareholders. The Independent Expert has concluded that the Proposed Transaction is fair and reasonable for the Shareholders. A full copy of the Independent Expert's Report is set out in Section E of this Report.

This Explanatory Memorandum, as well as the Notice of Annual General Meeting and Independent Expert's Report, should be read carefully and in their entirety.

8. Annual Report

The Annual Report of the Company for the year ended 30 June 2016 will be laid before the meeting.

There is no requirement for Shareholders to approve the Annual Report. Shareholders will be given an opportunity to:

(a) raise questions to the Directors or make comment on the management of the Company; and

(b) ask the Company's auditor questions about the conduct of the audit and the preparation and content of the Auditor's Report.

9. Resolution 1 – Adoption of Remuneration Report

Resolution 1 is proposed for the adoption of the Remuneration Report contained in the Directors' Report referred to in the first item of the agenda set out in the Notice. Under the Corporations Act, the Company is required to present its Remuneration Report to Shareholders for adoption at its Annual General Meeting. The Remuneration Report of the Company for the financial year ended 30 June 2016 is set out in the Directors' Report and the Annual Report.

The Annual Report may be accessed on the ASX company announcements platform using the ASX code: GLE. Shareholders will be given a reasonable opportunity to raise questions of the Directors and make comments on the Remuneration Report prior to the Resolution being put to Shareholders. The Resolution to adopt the Remuneration Report is a non-binding Resolution on the Company and its Directors.

However, if at least 25% of the votes cast are against the adoption of the Remuneration Report, the Company's next Remuneration Report must explain the Board's proposed action in response or explain why no action has been taken.

In the following year, if at least 25% of the votes cast on the resolution that the Remuneration Report be adopted are against adoption, Shareholders will then vote to determine whether the Directors will need to stand for re-election. If more than 50% of the votes cast on the resolution are in favour, a separate re-election meeting must be held within 90 days.

The Board recommends that Shareholders vote in favour of adopting the Remuneration Report.

10. Resolution 2- Re-election of Christopher Chong MengTak as a Director

Under the Constitution, at each annual general meeting of the Company, one third of the Directors of the company, except the Managing Director, must retire from office.

A retiring Director is eligible for re-election as a Director.

Accordingly, having retired from his office as a Director at this Annual General Meeting, Christopher Chong MengTak seeks re-election as a Director at the Annual General Meeting.

A brief summary of Mr Chong's qualifications and experience is set out below:

Mr Chong joined the board as a Director of GLG on 12 October 2005. Mr Chong is the Lead Independent Auditor, a member of the Nomination and Remuneration Committee and Chairman of the Audit Committee.

Mr Chong is a partner of ACH Investments Pte Ltd, a specialist corporate advisory firm in Singapore, regulated by the Monetary Authority of Singapore. Prior to co-founding ACH Investments Pte Ltd, Mr Chong was a multi-award winning equity analyst and the Managing Director of HSBC James Capel Securities (Singapore) Pte Ltd, (now known as HSBC Securities (Singapore) Pte Ltd), a member of the Hong Kong Bank Group of companies. Mr Chong is an independent director of several public companies listed on the Australian and Singapore Stock Exchanges. In the last 5 years Mr Chong also served as an independent director of companies listed on the Hong Kong and Luxembourg stock exchanges. Mr Chong is also a Director and/or advisor to many private companies and to many Asian families and the judicial branch of the Singapore government.

Mr Chong has extensive Asia Pacific experience having previously also been an advisor to listed companies on the Exchange of Hong Kong, Jakarta (Indonesia), Kuala Lumpur (Malaysia), Makati (Philippines) and Bangkok (Thailand). Mr Chong is a Fellow of the Australia Institute of Company Directors, a Fellow of the Singapore Institute of Directors and a Master Stockbroker of the Securities and Derivatives Industry Association of Australia.

Mr Chong has received a B.Sc. (Economics) from the University College of Wales, an MBA from London Business School and is a member of the Institute of Chartered Accountants of Scotland.

Resolution 2 seeks to confirm the re-election of Mr Chong as a Director of the Company.

The Board supports the re-election of Mr Christopher Chong MengTak.

11. Resolution 3- Re-election of Felicia Gan as a Director

Under the Constitution, at each annual general meeting of the Company, one third of the Directors of the company, except the Managing Director, must retire from office.

A retiring Director is eligible for re-election as a Director.

Accordingly, having retired from her office as a Director at this Annual General Meeting, Felicia Gan seeks re-election as a Director at the Annual General Meeting.

A brief summary of Ms Gan's qualifications and experience is set out below:

Ms Gan joined the board as a Director of GLG on 15 September 2015. Ms Gan is an Executive Director.

Ms Gan joined the Company in 2006 as a legal officer responsible for the legal compliance office. Ms Gan is now responsible for the overall management of the Sales & Marketing Teams and the Product, Development and Design department. Ms Gan builds, directs and drives the annual strategic sales and marketing plan and implements marketing strategies to identify and develop new customers and business opportunities on a global scale.

Ms Gan graduated with a Bachelor of Laws (Honours) from University of Nottingham in 2003 and was admitted to the Singapore Bar in May 2005. She is a member of the Singapore Academy of Law and a management committee member of the Textile Apparel Fashion Federation Singapore.

Resolution 3 seeks to confirm the re-election of Ms Gan as a Director of the Company.

The Board supports the re-election of Ms Gan.

12. Resolution 4 - Acquisition of G&G Shares from, and payment of Consideration Shares to, the Vendor

12.1 Background

The Company entered into the Share Purchase Agreement with the Vendor and the Target on 30 June 2016 to acquire the G&G Shares (comprising all of the issued shares in the Target) from the Vendor. The Share Purchase Agreement was subsequently varied for a typographical error on 2 September 2016.

The Target is, or immediately prior to Completion will be, the registered legal and beneficial owner of the entire issued capital of each of Maxim Malaysia and Maxim Singapore. Maxim Malaysia owns a fabric mill in Malaysia. Maxim Singapore is a a private company incorporated in Singapore, and its main business activity consisted of dyeing and finishing textile and fabric. However, Maxim Singapore has been dormant since June 2011.

Through its acquisition of the Target, the Company will acquire effective control and legal and beneficial ownership of Maxim Malaysia and Maxim Singapore

Completion of the Proposed Transaction is conditional on, amongst other things, Shareholders approving the Resolution.

The Vendor, Ghim Li Group Pte Ltd, is the controlling Shareholder of the Company. Accordingly, the Vendor is a related party of the Company.

The approval of Shareholders is sought under ASX Listing Rules 10.1.1 and Chapter 2E of the Corporations Act for the acquisition of an asset from a related party of the Company and under ASX Listing Rule 10.11 and Chapter 2E of the Corporations Act for the issue of the Consideration Shares to the Vendor, if the Company so elects, as part consideration for the acquisition of the Target in accordance with the Share Purchase Agreement.

12.2 Asset: Fabric Mill

Due to changing market conditions in the textile industry, the Directors formed the view that the Company needs to provide additional services beyond its existing business (the provision of supply chain management services) in order to adapt to these changing conditions. In particular, the Directors consider that it is in the best interests of the Company to acquire a fabric mill in Malaysia.

By acquiring the Target, the Company will have a vertically integrated textile manufacturing and supply business and will be able to offer speed to market solutions to its customers. The acquisition will allow the Company to control each of the steps in the value chain which will help in further growing the business. The Directors believe that the ownership of the mill will offer, amongst other things, the flexibility to plan for shorter production lead-times which will enable the Company to offer its customers speed to market supply solutions.

12.3 Share Purchase Agreement

(a) Agreement to purchase

Under the terms of the Share Purchase Agreement, the Vendor has agreed to sell the G&G Shares to the Company or its nominee and the Company has agreed to acquire the G&G Shares from the Vendor on the terms and conditions set out below.

(b) Consideration

In consideration for the Vendor selling the G&G Shares to the Company or its nominee, the Company must provide the:

(i) Completion Consideration to the Vendor on the Completion Date; and

(ii) Post-Completion Performance Incentive to the Vendor post-Completion in accordance with the Share Purchase Agreement, the relevant terms being summarised in paragraph 12.3(h) below.

(c) Completion Consideration

The Completion Consideration is calculated as follows:

$$CC = NTA + TLA + 6NPAT$$

Where:

CC	=	the Completion Consideration expressed as an amount in US$;
NTA	=	the aggregated value of the net tangible assets of the Target (including, without limitation its ownership of Maxim Singapore and Maxim Malaysia) determined by the Independent Valuation;
TLA	=	US$1 million in respect of tax losses incurred by Maxim Singapore and, post-Completion, usable by the Company; and
6NPAT	=	6 times the Projected FY2016 NPAT of Maxim Malaysia before any adjustments are made for the fair value of property/assets owned by Maxim Malaysia.

The Company has determined that the total purchase consideration payable under the Share Purchase Agreement is an aggregate amount of US$20 million.

The Company has based this determination on the following principal assumptions:

(i) the aggregate net tangible assets of the Target (taking into account its interests in Maxim Singapore and Maxim Malaysia) is valued at US$4.8 million;

(ii) by taking into account the amount of US$1 million in respect of carry forward tax losses of Maxim Singapore from previous years;

(iii) by taking into account the amount of US$6.6 million, calculated by using a multiple of 6, in respect of the projected net profit after tax of Maxim Malaysia for the financial year ended 30 June 2016 (which was within the range of US$1 to 1.5 million); and

(iv) by taking into account the estimated payment of $7.6 million as the Post-Completion Performance Incentive, calculated to be twice the amount of any uplift in Maxim Malaysia's net profit after tax for the current financial year compared with the previous financial year.

(d) Provision of Completion Consideration

The Company must provide the Completion Consideration to the Vendor on the Completion Date in accordance with the following procedure:

(i) first, by setting off the amount of the Completion Consideration against the amount of the GL Loan outstanding at the Completion Date; and

(ii) second, if the Completion Consideration exceeds the amount of the GL Loan outstanding at the Completion Date, then the difference between the Completion Consideration and the amount of the GL Loan outstanding at the

Completion Date (**Excess Completion Consideration**) will be provided by the Company to the Vendor in its absolute discretion, by:

(A) setting off the Excess Completion Consideration against any amount then owed to it by the Vendor;

(B) paying the Excess Completion Consideration to the Vendor in cash;

(C) issuing the Consideration Shares to the Vendor;

(D) issuing notes to the value of the Excess Completion Consideration to the Vendor; or

(E) any combination of the above.

(e) <u>Adjustment to Completion Consideration if Projected FY2016 NPAT is exceeded or not achieved</u>

(i) If the actual net profit after taxes for the financial year ending 30 June 2016 of Maxim Malaysia as determined by the audited financial accounts of Maxim Malaysia (**Actual FY2016 NPAT**) is greater than the Projected FY2016 NPAT then the Company must pay to the Vendor the amount that is calculated to be six times the difference between the Actual FY2016 NPAT and the Projected FY2016 NPAT up to a maximum of US$900,000.

(ii) If the Actual FY2016 NPAT is less than US$850,000, then the Vendor will pay to the Company the amount that is calculated to be six times the difference between the Actual FY2016 NPAT and the Projected FY2016 NPAT.

(iii) If the Actual FY2016 NPAT is less than the Projected FY2016 NPAT but greater than or equal to US$850,000, then the Vendor is not required to make any payment to the Company

(f) <u>Timing for Completion</u>

Completion must take place no later than three Business Days after the satisfaction (or waiver as may be permitted by the Share Purchase Agreement) of all of the Conditions Precedent.

(g) <u>Conditions Precedent</u>

Completion under the Share Purchase Agreement is conditional on the satisfaction or wavier (if permitted) of a number of conditions precedent, including the following:

(i) Shareholders voting to approve the Resolution in accordance with the Notice of Annual General Meeting and this Explanatory Memorandum;

(ii) the Company, the Vendor and the Target having obtained all necessary regulatory and statutory approvals, including obtaining of such approvals as may be required under the laws of Singapore and Malaysia, as may be required in respect of the Company's acquisition of the G&G Shares; and

(iii) the Target being the sole registered legal and beneficial owner of the entire issued share capital of each of Maxim Singapore and Maxim Malaysia.

(h) Post-Completion Performance Incentive

(i) The Company will pay to the Vendor the Post-Completion Performance Incentive for each of the four financial years commencing with the financial year ending 30 June 2017 and ending with the financial year ending 30 June 2020.

(ii) The amount of the Post-Completion Performance Incentive for each of the four financial years is calculated to be two times the audited net profit after tax of Maxim Malaysia for the particular financial year in which the payment falls due less the audited net profit after tax of Maxim Malaysia for the preceding financial year.

(iii) The Post Completion Performance Incentive may be paid by the Company either by setting off the Post Completion Performance Incentive against any amount then owned to the Company by the Vendor, by paying the Post Completion Performance Incentive in cash, by issuing shares calculated by reference to the VWAP to the value of the Post Completion Performance Incentive, by issuing convertible notes to the value of the Post Completion Performance Incentive or any combination of the above.

12.4 ASX Listing Rule 10.1

Approval of the Resolution is being sought pursuant to Listing Rule 10.1. Pursuant to ASX Listing Rule 10.10, the following information is provided:

ASX Listing Rule 10.1 provides that an entity must ensure that neither it, nor any of its child entities, acquires a substantial asset from, or disposes of a substantial asset to, amongst other things, a related party or a substantial holder (if the person and the person's associates have a relevant interest, or had a relevant interest at any time in the six months before the transaction, in at least 10% of the total votes attached to the voting securities) or an Associate of them.

Under ASX Listing Rule 10.2, an asset is substantial if the value of the asset, or the value of the consideration being paid for it is, or in ASX's opinion it is, 5% or more of the Company's equity interests as set out in the latest accounts lodged with ASX.

The Independent Expert has valued the G&G Shares at between US$16.2 million and US$18.8 million. The value of the equity interests of the Company as set out in the latest accounts given to the ASX, namely the financial report for the half-year ended 31 December 2015, was US$57,892,000. Accordingly, the G&G Shares comprise a substantial asset for the purposes of ASX Listing Rule 10.1. The purpose of ASX Listing Rule 10.1 is to ensure that a person of influence cannot benefit from a significant acquisition or disposal involving the listed entity without first obtaining the approval of Shareholders for that transaction.

For the purposes of ASX Listing Rule 10.1, the Vendor is a substantial holder. Accordingly, Shareholder approval is being sought for the acquisition of the G&G Shares from the Vendor for the purposes of ASX Listing Rule 10.1.

12.5 ASX Listing Rule 10.11

For the purposes of the Resolution if the Company elects in its absolute discretion to issue the Consideration Shares, pursuant to ASX Listing Rule 10.11, the following information is provided.

The Company must not issue or agree to issue Shares to a related party without the approval of Shareholders (no exceptions apply in this instance).

Accordingly, Shareholder approval is being sought for the issue of the number of Consideration Shares elected by the Company as consideration for the G&G Shares, for the purposes of ASX Listing Rule 10.11.

12.6 Corporations Act

Chapter 2E of the Corporations Act prohibits a public company from giving a financial benefit to a related party of the public company unless either:

(a) the giving of the financial benefit falls within one of the nominated exceptions to the provisions; or

(b) prior shareholder approval is obtained to the giving of the financial benefit.

For the purposes of Chapter 2E, the Vendor is a related party of the Company and the Consideration for the acquisition of the G&G Shares is the giving of a financial benefit.

Under section 210 of the Corporations Act, a company does not need to obtain shareholder approval to give a financial benefit to a related party if the giving of the financial benefit would be reasonable in circumstances if the related party and the entity were dealing at arm's length (or on terms less favourable than arm's length).

The Board has formed the view that although the acquisition of the G&G Shares from the Vendor is on terms which are reasonable in the circumstances as if the Company and the Vendor were dealing at arm's length (so that section 210 applies), it is prudent to seek Shareholder approval under section 208 of the Corporations Act for the acquisition of the G&G Shares by the Company.

The Explanatory Memorandum includes disclosures which, amongst other things, satisfy the requirements of section 219 of the Corporations Act which requires that the explanatory memorandum to the notice of meeting seeking shareholder approval under section 208 include, amongst other things, all information that is reasonably required by members to decide whether or not it is in the company's interests to pass the related party resolution and is known to the company or to any of its directors.

12.7 Independent Expert's Report

Under ASX Listing Rule 10.10.2, Shareholder approval for the purposes of ASX Listing Rule 10.1 must include a report on the proposed acquisition from an independent expert stating the expert's opinion as to whether or not the acquisition of the G&G Shares and issue of Consideration Shares are fair and reasonable to the existing Shareholders whose votes are not to be disregarded.

The Independent Expert has concluded that the potential acquisition of the G&G Shares by the Company and issue of Consideration Shares is fair and reasonable to the non-associated existing Shareholders.

In arriving at its fairness conclusion, the Independent Expert undertook an assessment of the fair value of the consideration under the Share Purchase Agreement and the fair value of the G&G Shares.

In arriving at its reasonableness conclusion, the Independent Expert considered the fairness of the transaction, the vertical integration strategy and enhanced value proposition for customers of the Company and the fact that the transaction is not expected to result in a dilution of the non-associated Shareholders.

The comprehensive Independent Expert Report is contained in Section E.

12.8 ASX Listing Rule 10.13 requirements

Pursuant to ASX Listing Rule 10.13, the following information is provided regarding ASX Listing Rule 10.11 approval:

(a) *ASX Listing Rule 10.13.1 and 10.13.4*: Name of person

Ghim Li Group Pte Ltd, the controlling shareholder of the Company.

(b) *ASX Listing Rule 10.13.2*: The maximum number of securities to be issued to the person

The maximum number of securities to be issued cannot be determined at this stage.

The Consideration Shares. if issued at the discretion of the Vendor, will form part of the Consideration. The components of the Consideration to be provided and the terms upon which the Consideration is determined is set out in paragraph 12.3(c) of this Explanatory Memorandum. The number of Consideration Shares to be issued by the Company is at the discretion of the Company in accordance with the terms of the Share Purchase Agreement, but will not exceed the value of the Excess Consideration. The number of the Consideration Shares equals the Excess Consideration (in whole or in part at the discretion of the Company) divided by the VWAP.

(c) *ASX Listing Rule 10.13.3*: Date by which the securities are to be issued

If Shareholder approval is obtained, and the Company elects to provide the Excess Consideration (in part or in whole) by the issue and allotment of the Consideration Shares to the Vendor, then the issue and allotment will occur on Completion, but in any case no later than one month after the date of this Annual General Meeting.

(d) *ASX Listing Rule 10.13.5:* Issue price of the securities and a statement of terms of issue

The issue price of the Consideration Shares will be calculated in accordance with the VWAP formula.

The Consideration Shares will rank equally with all the other Shares on issue. In all other respects, the rights and entitlements of the holders in respect of the Consideration Shares will be identical to the rights and entitlements of the holders of existing issued Shares.

(e) *ASX Listing Rule 10.13.6*: Voting exclusion statement

A voting exclusion statement in included in paragraph 3 of the Notice.

(f) *ASX Listing Rule 10.13.6A*: Intended use of the funds

No funds will be raised by the issue of the Consideration Shares to the Vendor. If issued, the Consideration Shares form part of the consideration for the acquisition of the G&G Shares.

(g) *ASX Listing Rule 7.2, Exception 14*: Approval not required under ASX Listing Rule 7.1

As approval for the issue of the Consideration Shares is being sought under ASX Listing Rule 10.11, approval is not required under ASX Listing Rule 7.1.

12.9 Information required under Chapter 2E of the Corporations Act

In accordance with section 219 of the Corporations Act, the Company discloses the following information:

(a) *The related party to whom the proposed resolution would permit a financial benefit to be given*

Ghim Li Group Pte Ltd, the controlling shareholder of the Company.

(b) *The nature of the financial benefits*

The calculation for the Consideration is set out in paragraph12.3 of this section of the Notice.

(c) *Directors' recommendations*

The Directors recommend that Shareholders vote in favour of the Resolution.

The Directors make this recommendation for the following reasons:

(i) in order for the Company to stay relevant in the market place and to adapt itself to changing conditions in the competitive landscape, it needs to provide additional services beyond its existing business of supply chain management services. Increasingly, customers are seeking supply chain managers who are more than 'middlemen' or traders. In the past, when Asian factories were small and difficult to access, supply chain managers added value by consolidating output, ensuring quality assurance, providing working capital funding and end-to-end logistics services. Today, Asian factories are much larger and offer a much broader scope of services. Furthermore, the buying departments of our customers, particularly the big retailers have become more sophisticated. The Company failed to win a major customer in the past year due to this issue and customers representing more than half our business have been pressing the Company to be vertically integrated to support their needs;

(ii) this acquisition will result in the Company making savings on US import duties. The Company has noted that increasingly its competitors who own factories are able to ship and bill from their factories, enjoying lower import tariffs as a result. This duty savings, whilst not significant initially have become large relative to retailers’ margins which are subject to intense competition in the US; and

(iii) this acquisition will enable the Company to take advantage of the Trans-Pacific Partnership (TPP) in the near future. The Company has determined to acquire the fabric mill in Malaysia, which is a TPP-designated country in order to provide fabric from Malaysia to its newly-built garment factory in Vietnam, which is also a TPP-designated country. This arrangement will allow our products to enjoy lower import tariffs when the TPP is passed by US Congress. The proposed transaction is an extension of the Board's decision to undertake backward vertical integration, particularly into countries designated by the USA as TPP-participating countries.

The Directors believe that if the Company fails to accommodate changing trends in the industry, the Company will lose any competitive advantage it has and will be exposed to the risk of losing more business.

The Directors note that the decline in FY2016 revenue can be attributed in part to the fact that the construction of our factory in Vietnam had not been completed earlier to take advantage of the factory's value proposition to attract customers using its vertical integration strategy. As a result, the Company was not successful in securing new contracts that would have the required production from Vietnam which would have provided the Company with the opportunity to take advantage of tax savings.

Prior to determining to acquire Maxim Singapore and Maxim Malaysia, the Company's management team reviewed two other mills in Malaysia and one in Vietnam. Based on the management team's review, and particularly given none of the owners of those mills were willing to agree to a 3-year future performance to form the basis of the purchase consideration (as this would mean delaying a significant part of the consideration), the Directors believe that the acquisition of Maxim Malaysia and Maxim Singapore is in the best interests of the Company.

(d) *Director's interest in resolution*

Estina Ang (who holds 54,560,000 shares in Ghim Li Group Pte Ltd) and Christopher Chong (who holds 110,001 shares in Ghim Li Group Pte Ltd) have an interest in the Resolution.

(e) *All other relevant information*

The consideration for the G&G Shares is payable in two parts - the Completion Consideration (which is largely based on net tangible value and earnings capability and estimated to be approximately US$12.4 million) is payable at completion. The Post-Completion Performance Incentive is payable after the completion of the audit of the financial accounts of the Company for the next 3 years. Further information about the calculation and timing of the consideration is contained in paragraph 12.3(c).

The Directors note that the Completion Consideration will be made by way of an offset against amounts owed by the Vendor to the Company and, to the extent there is any excess, by way of the issue of a debenture or promissory note. There will be no dilution to the existing share capital of the Company as a result of the payment of the Completion Consideration by the Company.

With respect to the Post-Completion Performance Incentive, at this stage, the Company intends to pay the Post-Completion Performance Incentive in cash. However, the Directors note that, to manage uncertainty, the Company has the right but not the obligation to issue new Shares at the market price of the Shares at the time of payment of the Post-Completion Performance Incentive. At the present time, the Directors have no intention to satisfy the payment of the Post-Completion Performance Incentive by way of the issue of Shares Accordingly, the existing share capital of the Company will not be diluted by the payment of the Post-Completion Performance Incentive.

Shareholders are referred to this Explanatory Memorandum and to the Independent Expert's Report.

12.10 Recommendation of the Directors

Estina Ang and Christopher Chong are excluded from voting as they each have an interest in the Resolution. The Directors (other than Estina Ang and Christopher Chong) unanimously approved the proposal to put the Resolution to Shareholders for their approval.

The Directors (other than Estina Ang and Christopher Chong) advise that each of them proposes to vote in favour of the Resolution.

Section E Independent Expert's Report

Section F Proxy Form

GLG Corp Limited

Independent Expert's Report and Financial Services Guide

25 August 2016

William Buck

25 August 2016

The Directors
GLG Corp Limited
Level 40, 100 Miller Street
NORTH SYDNEY NSW 2060

Dear Directors,

GLG Corp Limited - Independent Expert's Report

1. Introduction

On 30 June 2016, GLG Corp Limited ("**GLG**" or the "**Company**") announced that it had entered into an agreement to acquire 100% of issued share capital of G&G International Pte Ltd ("**G&G**") and its associated subsidiaries (the "**G&G Group**") from Ghim Li Group Pte Ltd ("**Ghim Li Group**") (the "**Proposed Transaction**").

GLG (ASX:GLE) is a public company listed on the Australian Securities Exchange ("**ASX**") which conducts the business of retail supply chain management services for fashion apparel.

Ghim Li Group is incorporated in Singapore and currently holds a 73.63% interest in the issued shares of GLG.

G&G is wholly owned by Ghim Li Group and at completion of the Proposed Transaction, will be the registered legal and beneficial owner of Maxim Textile Technology SDN BHD ("**MXM**") and Maxim Textile Technology Pte Ltd ("**MXS**").

MXM is a private limited company incorporated and domiciled in Malaysia. It is engaged in manufacturing and sale of knitted fabric for the apparel industry.

MXS is incorporated and domiciled in Singapore and is currently dormant. The company was involved in the dyeing and finishing of fabric and textiles before these activities were transferred to MXM. MXS possesses carry forward tax losses and subsequent to the Proposed Transaction, may be re-activated as a fabric and accessories trading house.

Consideration for the Proposed Transaction ("**Consideration**") comprises consideration at completion of the transaction ("**Completion Consideration**") and performance incentives post completion ("**Post-Completion Performance Incentive**"). Further details of the Proposed Transaction are set out in Section 5 of this report.

CHARTERED ACCOUNTANTS
& ADVISORS

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Telephone: +61 2 8263 4000

Parramatta Office
Level 7, 3 Horwood Place
Parramatta NSW 2150
PO Box 19
Parramatta NSW 2124
Telephone: +61 2 8836 1500
williambuck.com

As Ghim Li Group is a major shareholder in GLG, the Proposed Transaction requires the approval of Non-Associated Shareholders pursuant to ASX Listing Rule 10.1.

The Directors of GLG ("**Directors**") have engaged William Buck Corporate Advisory Services (NSW) Pty Limited ("**William Buck**" or "**we**" or "**us**" or "**our**" as appropriate) to prepare an Independent Expert's Report ("**Report**"). The purpose of our Report is to express an opinion as to whether or not the Proposed Transaction is fair and reasonable to the Non-Associated Shareholders of GLG.

This Report is to accompany the Notice of Extraordinary General Meeting and Explanatory Memorandum ("**Explanatory Memorandum**") being provided to the shareholders of GLG ("**Shareholders**") and has been prepared to assist the Directors in fulfilling their obligation to provide Shareholders with full and proper disclosure so as to enable them to assess the merits of the Proposed Transaction and to assist them in their consideration of whether or not to approve the Proposed Transaction.

Mr Daniel Coote of William Buck was responsible for the preparation of this Report. Details of his experience and qualifications are set out in Section 13.

2. Opinion

We have considered the terms of the Proposed Transaction and conclude that the Proposed Transaction is **fair** and **reasonable** to the Non-Associated Shareholders of GLG.

Basis of the Evaluation of the Proposed Transaction

In our opinion, the Proposed Transaction will be fair and reasonable if:

- the fair value of Consideration provided by GLG for the Proposed Transaction is not greater than the fair value of 100% of the issued shares of G&G;
- on balance, the advantages to the Non-Associated Shareholders of approving the Proposed Transaction outweigh the disadvantages; and,
- on balance, the disadvantages to the Non-Associated Shareholders of not approving the Proposed Transaction outweigh the advantages.

Where applicable, we have considered whether or not appropriate premiums (for control or significant influence) have been reflected in our valuation calculations.

2.1 Assessment of Fairness of the Proposed Transaction

The table below sets out our comparison of the fair value of the Completion Consideration with our assessment of the fair value of all shares on issue of G&G Group.

We note it our understanding that the Completion Consideration and the Post-Completion Performance Incentive (please refer to Section 5 for further details) will be satisfied firstly by setting off amounts owed to GLG by Ghim Li Group and secondly, from existing cash reserves and facilities. Consequently, the Proposed Transaction is not expected to result in dilution of the interests of Non-Associated Shareholders in the issued shares of GLG.

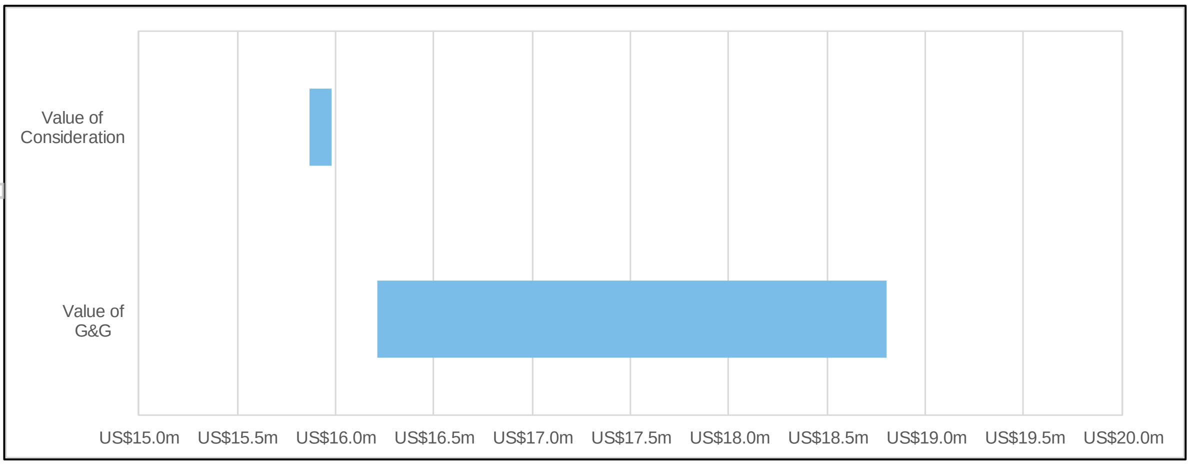
Table 1 – Proposed Transaction fairness assessment

	Section Ref	Low (US$000)	High (US$000)
Fair value of Consideration:			
Total Completion Consideration	9.4	12,748	12,748
Total Post-Completion Performance Incentive	9.4	3,123	3,232
Total Consideration		**15,871**	**15,980**
Fair value G&G Group:			
G&G International Pte Ltd	10.2	-	-
Maxim Textile Technology Sdn Bhd ("**MXM**")	11.2	19,641	22,237
Maxim Textile Technology Pte Ltd ("**MXS**")	12.2	(3,430)	(3,430)
Total fair value of G&G Group		**16,211**	**18,807**

Source: William Buck analysis

This analysis is presented visually in the figure below.

Figure 1 – Fairness assessment



Source: William Buck analysis

Our analysis shows the value of the Consideration, including fair value of the Completion Consideration and the fair value of the Post-Completion Performance Incentive to be in the range of US$15.9 million to US$16.0 million. This compares to our assessment of the fair value of 100% of the issues shares of G&G Group on a controlling interest basis of US$16.2 million to US$18.8 million.

We note that per the terms of the Proposed Transaction, the Completion Consideration includes US$1 million in relation to the unutilised tax losses of MXS. For the purposes of our fairness assessment, we have not attributed value to MXS's unutilised tax losses due to uncertainty regarding the timing and extent to which GLG will be able to make use of these tax losses.

Fairness Conclusion

Based on our respective assessment of the fair value of Consideration and the fair value of 100% of the issues shares in G&G Group, in our opinion we consider the Proposed Transaction to be fair from the perspective of the Non-Associated Shareholders of GLG.

2.2 Assessment of Reasonableness of the Proposed Transaction

We have considered the following factors in determining whether or not the Proposed Transaction is reasonable to the Non-Associated Shareholders of GLG.

Advantages of approving the Proposed Transaction

We consider the following to be advantages of approving the Proposed Transaction:

— **The Proposed Transaction is fair:** We have assessed the Proposed Transaction to be "fair";

— **Vertical integration strategy and enhanced value proposition for GLG customers:** GLG's current strategy is to increase its role in the fashion apparel supply chain by moving from an FOB (Free On Board) supplier of garments to an LDP (Landed Duty Paid) supplier. FOB supply sees GLG's involvement in the supply of garments end at the port of departure. LDP supply requires GLG to manage supply through to the customer's destination distribution centre. GLG expects LDP supply to result in higher profit margins on supply of garments and additional revenues relating to logistics management. GLG Management has informed us that GLG's customers demonstrate increasing preference for LDP supply as an end-to-end garment supply option and seek shorter lead-times on fashion apparel supply in order to provide destination markets with frequent changes to retail fashion ranges.

  At present, GLG is unable to control the garment manufacture process to a sufficient extent to allow it to commit to and execute LDP supply of garments. GLG also sees opportunity to reduce lead-times through improved control of fabric manufacture and streamlining of processes. The goal of the Proposed Transaction, commencing with the acquisition of fabric manufacturing capacity, is to provide GLG with stronger production control and minimisation of lead times. GLG will also commence garment manufacture in October 2016 with the opening of a new manufacturing in Vietnam.

— **The Proposed Transaction is not expected to result in dilution of Non-Associated Shareholders:** GLG Management's expectation is that the Consideration will be satisfied firstly by setting off amounts owed to GLG by Ghim Li Group and then from existing cash reserves and available facilities.

Disadvantages of approving the Proposed Acquisition

We consider the following to be disadvantages of approving the Proposed Transaction:

— **Increased leverage:** The Proposed Transaction is likely to result in an increase in GLG's debt to equity ratio, indicating increased leverage and increased financial risk of the business. GLG reported a debt to equity ratio of 64.2% as at 31 December 2015. GLG's debt to equity ratio is likely to increase to approximately 72.4% following completion of the Proposed Transaction due to additional MXM borrowings of approximately US$17.5 million and the effect of the consolidation of MXS net liabilities of US$3.4 million. GLG's debt to equity ratio will increase further to the extent that GLG borrows to settle the Consideration.

  The median debt to equity ratio for all ASX listed companies as at the date of this report was 29.6%. The median debt to equity ratio for all ASX listed companies in the Consumer Discretionary industry as at the date of this report was 34.0%. With an estimated debt to equity ratio of 72.4% subsequent to the Proposed Transaction, GLG would move above the upper quartile of leverage, as measured by its debt to equity ratio, compared with all companies listed on the ASX (75^{th} percentile = 65.9%) and compared with ASX listed Consumer Discretionary industry companies (75^{th} percentile = 66.1%).

Advantages and disadvantages of not implementing the Proposed Transaction

In our view, the significant advantages or disadvantages of rejecting the Proposed Transaction primarily relate to the reverse of the matters noted above.

We have also considered the following disadvantage of rejecting the Proposed Transaction:

— **Risk of diminished competitive position:** As discussed, GLG's vertical integration strategy corresponds with the current needs of its customers. GLG's competitive position may be diminished if it is unable to achieve its goals regarding transitioning from an FOB supplier to an LDP supplier of fashion apparel.

Reasonableness conclusion

In our opinion, based on a consideration of the above, the Proposed Transaction is considered reasonable from the perspective of the Non-Associated Shareholders of GLG as:

— on balance, the advantages of approving the Proposed Transaction outweigh the disadvantages of approving it to the Non-Associated Shareholders; and

— on balance, the disadvantages of rejecting the Proposed Transaction outweigh any advantages of rejecting it to the Non-Associated Shareholders.

3. General Advice and Other

General advice

In forming our opinion, we have considered the interests of the Non-Associated Shareholders as a whole. This advice therefore does not consider the financial situation, objectives or needs of the individual Non-Associated

Shareholders. It is neither practical nor possible to assess the implication of the Proposed Transaction on individual Non-Associated Shareholders as their individual financial circumstances are not known.

Some Non-Associated Shareholders may place a different emphasis on various aspects of the Proposed Transaction from that adopted in our Report. Accordingly, individual Non-Associated Shareholders may reach different conclusions on whether or not the Proposed Transaction is fair and reasonable to them and each individual shareholder must take into account his or her own circumstances when deciding whether or not to vote in favour or against the resolutions relating to the Proposed Transaction. Shareholders should seek their own independent professional advice to assist them in their decision, taking into account their preferences and expectations.

Other

William Buck is an Authorised Representative under an appropriate Australian Financial Services Licence. Accordingly, we are required to provide a Financial Services Guide in situations where we may be taken as providing financial product advice. A copy of William Buck's Financial Services Guide is set out in Section 4 of this Report.

Our Report has been prepared solely for use of the Directors of GLG, and for the purpose set out herein. William Buck does not accept any responsibility for the use of our report outside this purpose. Except in accordance with the stated purpose, no extract, quote, or copy of our Report, in whole or in part, should be reproduced without the written consent of William Buck, as to the form and context in which it may appear.

Our opinion is based solely on information available as at the date of this Report as set out in Appendix A. We have not undertaken to update our report for events of circumstances arising after the date of this Report other than those of a material nature which would impact on our opinion. We refer readers to the limitations and reliance on information sections as set out in Section 6 of our Report.

The above opinion should be considered in conjunction with, and not independently of, the information set out in the remainder of this Report including the appendices.

Yours faithfully,

Daniel Coote
Director

William Buck Corporate Advisory Services (NSW) Pty Limited
ABN 50 133 845 637
Authorised Representative No. 333393
AFSL 240769

4. Financial Services Guide

Dated: 25 August 2016

William Buck Corporate Advisory Services (NSW) Pty Ltd ABN 50 133 845 637 ("**William Buck**" or "**we**" or "**us**" or "**our**" as appropriate) has been engaged to issue general financial product advice in the form of a report to be provided to you.

Financial Services Guide

In the above circumstances we are required to issue to you, as a retail client, a Financial Services Guide ("**FSG**"). This FSG is designed to help retail clients make a decision as to their use of general financial product advice and to ensure that we comply with our obligations as an authorised representative of a financial services licensee.

The FSG includes information about:

- who we are and how we can be contacted;
- the services we are authorised to provide as an Authorised Representative of William Buck Wealth Advisors (NSW) Pty Ltd (Licence No: 240769);
- remuneration that we and/or our staff and any associates receive in connection with the general financial product advice;
- any relevant associations or relationships we have; and
- our complaints handling procedures and how you may access them.

Financial Services we are Licensed to Provide

We are an authorised representative of William Buck Wealth Advisors (NSW) Pty Ltd who holds an Australian Financial Services Licence. We are authorised to provide financial product advice in relation to various financial products such as securities, derivatives, interests in managed fund investment schemes, stocks or bonds to retail and wholesale clients.

We provide financial product advice by virtue of an engagement to issue a report in connection with a financial product of another person. Our report will include a description of the circumstances of our engagement and identify the person who has engaged us. You will not have engaged us directly but will be provided with a copy of the report as a retail client because of your connection to the matters in respect of which we have been engaged to report.

Any report we provide is provided on our own behalf as an authorised representative of a financial services licensee authorised to provide the financial product advice contained in the report.

General Financial Product Advice

In our report we provide general financial product advice, not personal financial advice, because it has been prepared without taking into account your personal objectives, financial situation or needs.

You should consider the appropriateness of this general advice having regard to your own objectives, financial situation and needs before you act on the advice. Where the advice relates to the acquisition or possible acquisition of a financial product, you should also obtain a product disclosure statement relating to the product and consider that statement before making any decision about whether to acquire the product.

Benefits that we may Receive

We are entitled to receive a fee of $40,000, excluding GST, for preparation of this Report. These fees were agreed with, and paid by, the person who engaged us to provide the Report. Fees will be agreed on either a fixed fee or time cost basis.

Except for the fees referred to above, neither William Buck, nor any of its directors, employees or related entities, receive any pecuniary benefit or other benefit, directly or indirectly, for or in connection with the provision of the report.

Remuneration or other Benefits Received by our Employees

All our employees receive a salary. Our employees are eligible for bonuses based on overall productivity but not directly in connection with any engagement for the provision of a report.

Referrals

We do not pay commissions or provide any other benefits to any person for referring customers to us in connection with the reports that we are authorised to provide.

Associations and Relationships

William Buck Corporate Advisory Services (NSW) Pty Ltd is a wholly owned subsidiary of William Buck (NSW) Pty Ltd.

Complaints Resolution

Internal Complaints Resolution Process

As an authorised representative of a holder of an Australian Financial Services Licence, we are required to have a system for handling complaints from persons to whom we provide financial product advice. All complaints must be in writing, addressed to The Compliance Manager, William Buck, Level 29, 66 Goulburn Street, Sydney NSW 2000.

When we receive a written complaint we will record the complaint, acknowledge receipt of the complaint within 15 days and investigate the issues raised. As soon as practical, and not more than 45 days after receiving the written complaint, we will advise the complainant in writing of our determination.

Referral to External Dispute Resolution Scheme

A complainant not satisfied with the outcome of the above process, or our determination, has the right to refer the matter to the Financial Ombudsman Service. The Financial Ombudsman Service is an independent company that has been established to provide free advice and assistance to consumers to help in resolving complaints relating to the financial service industry.

Further details about the Financial Ombudsman Service are available at the website www.fos.org.au or by contacting them directly at: the Financial Ombudsman Service, GPO Box 3, Melbourne VIC 3001, or by telephone on 1300 780 808.

Professional Indemnity Insurance

William Buck has professional indemnity insurance in place which covers any work done by us, as an authorised representative of William Buck Wealth Advisors (NSW) Pty Ltd and by representatives/employees after they cease to work for us. The compensation arrangements we have in place comply with sec.912B of the Corporations Act.

Contact Details

You may contact us at William Buck, Level 29, 66 Goulburn Street, Sydney, NSW 2000 or by telephone on (02) 8263 4000

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5. The Proposed Transaction

5.1 Overview of the Proposed Transaction

On 30 June 2016, GLG entered into a share purchase agreement ("**SPA**") to acquire 100% of issued share capital of G&G from Ghim Li Group.

Consideration for the acquisition of G&G comprises consideration to be paid to Ghim Li Group at completion ("**Completion Consideration**") and consideration payable over time after completion ("**Post-Completion Performance Incentive**"). Details of the Completion Consideration and the Post-Completion Performance Incentive are set out below.

5.1.1 Completion Consideration

The Completion Consideration is calculated as the sum of the following elements:

- The aggregated net tangible assets of G&G Group at completion, including the net assets of MXM and MXS;
- US$1 million in respect of carry forward tax losses of MXS; and
- Six times the projected net profit after tax ("**NPAT**") of MXM for the year ending 30 June 2016 ("**FY16**"), being US$1 million per the SPA ("**Projected FY16 NPAT**").

The Completion Consideration will be satisfied firstly by setting off amounts owed to GLG by Ghim Li Group and secondly, in cash, the issue of new shares or the issue of convertible notes in any combination at GLG's election. As at the date of this Report, the balance receivable by GLG from Ghim Li Group was approximately US$3.85 million. Management's expectation is that the balance of the Completion Consideration will be paid from existing cash reserves.

Adjustments if Projected FY16 NPAT differs from Actual FY16 NPAT

If MXM's actual audited FY16 NPAT ("**Actual FY16 NPAT**") is greater than the Projected FY16 NPAT, GLG will pay to Ghim Li Group six times the difference, up to a maximum of US$900,000.

If Actual FY16 NPAT is less than US$850,000, Ghim Li Group will pay to GLG six times the difference between the Projected FY16 NPAT and the Actual FY16 NPAT.

Ghim Li Group is not required to make a payment to GLG if Actual FY16 NPAT is greater than US$850,000 but less than US$1 million.

5.1.2 Post-Completion Performance Incentive

For each of the four financial years commencing with the year ending 30 June 2017 ("**FY17**") and ending with the year ending 30 June 2020 ("**FY20**"), GLG will pay to Ghim Li Group twice any uplift in MXM's NPAT for the current financial year compared with the prior financial year.

The Post-Completion Performance Incentive will be settled in the same manner as the Completion Consideration, at GLG's discretion. Management's expectation is that Post-Completion Performance Incentives will be paid from cash reserves.

5.1.3 Conditions precedent

The SPA sets out the following conditions precedent to the completion of the Proposed Transaction:

- Satisfactory completion of GLG's due diligence;
- GLG obtains all necessary regulatory approvals, including ASX, ASIC and Shareholder approvals;
- GLG commissions an Independent Expert Report in relation to the Proposed Transaction;
- Ghim Li Group, G&G, MXM and MXS obtain all necessary regulatory approvals;
- G&G demonstrates being the registered legal and beneficial owner of the entire issued share capital of MXM and MXS;
- G&G convenes a meeting of its directors to approve transfer of the sale shares to GLG and the approval of all actions necessary for GLG to become the register holder of the sale shares;
- GLG conditions including no adverse change in the financial position of condition of G&G, MXM and MXS; no material breach of the SPA by Ghim Li Group, G&G, MXM or MXS; none of the vendors warranties under the SPA is or has become materially misleading or incorrect; and GLG being satisfied that no security interests have been granted in respect of G&G, MXM or MXS.

6. Scope and Limitations

6.1 Regulatory Background

ASX Listing Rules

The Proposed Transaction is subject to the provisions of the ASX Limited ("**ASX**") Listing Rules ("**Listing Rules**"). ASX Listing Rule10.1 requires the approval of holders of an entity's ordinary securities where it is proposed to acquire a substantial asset from, or dispose of a substantial asset to:

— a related party or an associate of a related party;

— a subsidiary or an associate of a subsidiary; or

— a substantial shareholder or an associate of a substantial shareholder.

A substantial shareholder is defined by the Listing Rules as a shareholder with a relevant interest at any time in the six months prior to the Proposed Transaction, in at least 10% of the total votes attached to the voting securities.

An asset is substantial if its value, or the value of the consideration for it, is greater than 5% of the total equity interests of the entity as at the date of the last audited accounts.

The Proposed Transaction meets the definition of a substantial asset. Ghim Li Group currently holds an interest in the ordinary issued shares of GLG of approximately 73.6%.

Regulatory guidance issued by ASIC states that it is the Directors' obligation to provide shareholders with full and proper disclosure to enable them to assess the merit of the Proposed Transaction and to decide whether to agree by resolution to the Proposed Transaction. This obligation may be satisfied by commissioning an independent expert's report on whether the proposed transaction is "fair and reasonable" to the non-associated shareholders.

The non-associated shareholders are those shareholders in GLG whose votes are not to be disregarded in voting on the resolutions relating to the Proposed Transaction ("**Non-Associated Shareholders**").

6.2 Purpose and Scope

Purpose

William Buck has been appointed by the Directors of GLG to prepare an independent expert's report expressing our opinion as to whether or not the Proposed Transaction is fair and reasonable to the Non-Associated Shareholders of GLG.

This Report is to accompany the Explanatory Statement being provided to Shareholders of GLG and has been prepared to assist the Directors in fulfilling their obligation to provide Shareholders with full and proper disclosure to enable them to assess the merits of the Proposed Transaction and to assist them in their consideration of whether or not to approve the Proposed Transaction.

This Report should not be used for any other purpose and we do not accept any responsibility for use outside this purpose. Except in accordance with the stated purpose, no extract, quote or copy of our report, in whole or in part, should be reproduced without the written consent of William Buck, as to the form and context in which it may appear.

Scope

The scope of our procedures undertaken have been limited to those procedures we believed are required in order to form our opinion. Our procedures, in the preparation of this Report, may have involved an analysis of financial information and accounting records. However, the procedures did not include verification work nor did they constitute:

— an audit in accordance with AUS;

— an assurance engagement in accordance with ASAE; or

— a review in accordance with ASRE.

The assessment of whether or not the Proposed Transaction is fair and reasonable will necessarily involve determining the "fair market value" of various securities, assets and interests. For the purposes of our opinion, the term "fair market value" will be defined as the price that would be negotiated in an open and unrestricted market between a knowledgeable, willing, but not anxious purchaser, and a knowledgeable, willing, but not anxious vendor, acting at arm's length.

By their very nature, any valuation assessments are necessarily the subject of uncertainty and volatility and the conclusions arrived at will include considerations that are dependent on the exercise of individual judgement. Accordingly, there is unlikely to be an "indisputable value", and we have expressed our opinion as to values as falling within a likely range.

We have not considered the effect of the Proposed Transaction on the particular circumstances of individual shareholders. Some individual shareholders may place a different emphasis on various aspects of the Proposed Transaction from the one adopted in this Report. Accordingly, individuals may reach different conclusions on whether or not the Proposed Transaction is fair and reasonable to them.

An individual shareholder's decision in relation to the Proposed Transaction may be influenced by their particular circumstances and, therefore, shareholders should seek independent financial advice.

6.3 Basis of Evaluation

As there is no legal definition of the expression fair and reasonable in the Act, we have therefore considered guidance provided by ASIC in its Regulatory Guides in assessing whether the Proposed Transaction is fair and reasonable from the perspective of the Non-Associated Shareholders. Specifically, we will have regard to the provisions of the following:

— RG 74: Acquisitions approved by members;

— RG 76: Related party transactions;

— RG 111: Content of Expert Reports; and

— RG 112: Independence of Experts.

RG 111 treats "fair" and "reasonable" as two distinct criteria. The transaction is "fair" if the value of the consideration offered is equal to or less than the value of the securities or assets acquired and which are the subject to the transaction. The transaction will be "reasonable" if it is fair, or, despite being not fair, after considering other significant factors, there are sufficient reasons for the shareholders to accept the transaction.

In our opinion, the most appropriate basis on which to evaluate the Proposed Transaction is to assess its likely overall impact on the Non-Associated Shareholders and to form a judgement as to whether the expected benefits outweigh any disadvantages that might result from approving the transaction.

In forming our opinion as to whether or not the Proposed Transaction is fair and reasonable to the Non-Associated Shareholders, we have considered and compared the following:

- the fair value of the consideration provided by GLG with the fair value of 100% of the issues shares in G&G;
- the advantages and disadvantages to the Non-Associated Shareholders if the Proposed Transaction is approved; and
- the advantages and disadvantages to the Non-Associated Shareholders if the Proposed Transaction is not approved.

Where applicable, we have considered whether or not appropriate premiums (for control or significant influence) have been reflected in our valuation calculations.

6.4 Sources of Information

Appendix A to this report sets out details of information referred to and relied upon by us during the course of preparing this Report and forming our opinion.

The assets of MXM include two Malaysian real estate properties. In accordance with ASIC Regulatory Guide 112, we have engaged the services of One Asia Property Consultants (KL) Sdn Bhd and KGV International Property Consultants for the purpose of valuing the real estate properties held by MXM. Further details in respect of these valuations are set out in Section 10 and 11.

GLG has agreed to indemnify William Buck, and its owner practice, their partners, directors, employees, officers and agents (as applicable) against any claim arising out of misstatements or omissions in any material supplied by the Company, its subsidiaries, directors or employees, on which we have relied.

6.5 Reliance on Information

This Report is based upon financial and other information provided by GLG, Ghim Li Group and G&G, as detailed in Appendix A of this Report. We have considered and relied upon this information. We believe the information provided to be reliable, complete and not misleading, and have no reason to believe that any material facts have been withheld. The information provided was evaluated through analysis, inquiry and review for the purpose of forming an opinion as to whether the Proposed Transaction is fair and reasonable.

We do not warrant that our inquiries have identified or verified all of the matters which an audit, extensive examination or due diligence investigation might disclose. In any event, an opinion as to whether a corporate transaction is fair and reasonable is in the nature of an overall opinion rather than an audit or detailed investigation.

Where we have relied on the views, opinions and judgement of management, the information was also evaluated through analysis, inquiry and review to the extent practical. However, such information is often not capable of direct external verification or validation.

The information provided to William Buck included forecasts / projections and other statements and assumptions about future matters prepared by Ghim Li Group and G&G Group, particularly regarding the forecast performance of MXM ("**MXM Forecasts**"). While William Buck has relied upon the MXM Forecasts in preparing this Report, Ghim Li Group and G&G Group remain responsible for all aspects of the MXM Forecasts. The MXM Forecasts as supplied to us are based upon assumptions about events and circumstances which have not yet transpired. We have not tested individual assumptions or attempted to substantiate the veracity or integrity of such assumptions in relation the MXM Forecasts however, we have made sufficient enquiries to satisfy ourselves that such information has been prepared on a reasonable basis.

Notwithstanding the above, William Buck cannot provide any assurance that the MXM Forecasts will be representative of the results which will actually be achieved during the forecast period. Any variations in the MXM Forecasts may affect our valuation and opinion.

6.6 Disclosure of Information

In preparing this Report, William Buck has had access to all financial information considered necessary in order to provide the required opinion. GLG has requested that William Buck limit the disclosure of some commercially sensitive information, particularly in relation to the MXM Forecasts. This request was made on the basis of the commercially sensitive and confidential nature of the operational and financial information of MXM.

6.7 Current Market Conditions

Our opinion is based on economic, market and other conditions prevailing at the date of this Report. Such conditions can change significantly over relatively short periods of time. Accordingly, changes in those conditions may result in any valuation opinions becoming quickly outdated and in need of revision. We reserve the right to revise any valuation, or other opinion, in the light of any additional material information that subsequently becomes known to us.

6.8 Assumptions

In forming our opinion, the following has been assumed:

— all relevant parties have complied, and will continue to comply, with all applicable laws and regulations and existing contracts and there are no alleged or actual material breaches of the same or disputes (including, but not limited to, legal proceedings), other than as publicly disclosed and that there has been no formal or informal indication that any relevant party wishes to terminate or materially renegotiate any aspect of any existing contract, agreement or material understanding, other than as publicly disclosed;

— that matters relating to title and ownership of assets (both tangible and intangible) are in good standing, and will remain so, and that there are no material legal proceedings, or disputes, other than as publicly disclosed;

— information in relation to the Proposed Transaction provided to the GLG shareholders or any statutory authority by the parties is complete, accurate and fairly presented in all material respects;

— if the resolutions relating to the Proposed Transaction are approved, they will be implemented in accordance with its disclosed terms; and

— the legal mechanisms to implement the Proposed Transaction are correct and effective.

7. Overview of GLG

7.1 Overview

GLG is a supplier of casual lifestyle knitwear apparel to major US retailers including MACY's, Sears, Walmart, Target, Mervyn's, Kmart, Aeropostale, Eddie Bauer and Foot Locker. The Company offers sleep wear, lounge wear, women's knit tops, active wear and children's wear products. GLG offers an integrated range of services including product design and development, commercialisation of orders, materials management, production planning and control, and post-manufacture logistics solutions.

GLG is an Australian publicly listed company trading on the ASX (ASX: GLE) with operations primarily based in Singapore. Ghim Li Group currently owns 73.6% of GLG's ordinary issued shares.

GLG sources approximately 90% of the finished garments it provides to its customers from GLIT Holdings Pte Ltd ("**GLIT**"), which is not a related party. The remaining 10% is sourced from a variety of other suppliers. GLIT has garment manufacturing operations across South-East Asia and the Subcontinent. GLIT sources approximately 30% of the fabric required in its operations from MXM and GLIT is currently MXM's sole customer.

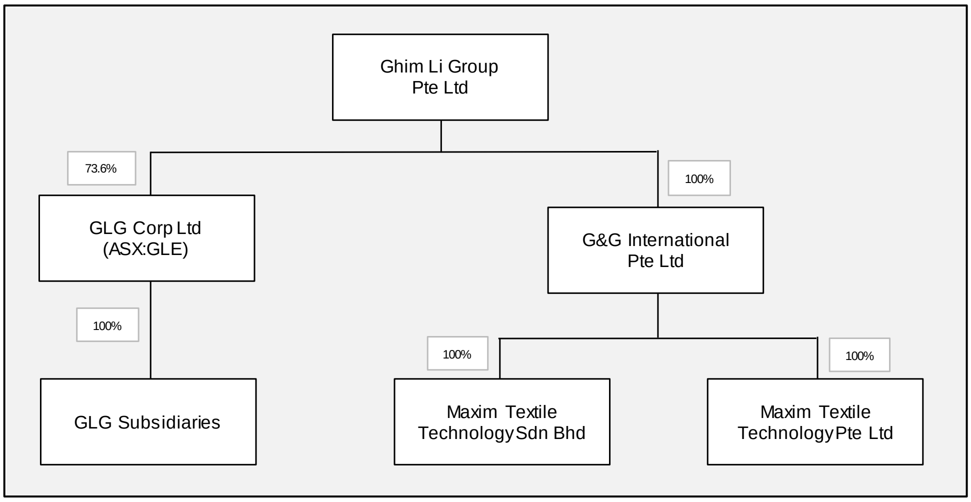
GLG management has informed us that GLG has recently initiated a vertical integration strategy that will see it extend from supply chain logistics into garment and fabric manufacture. Management has informed us that GLG's customers have an increasing preference for vertically integrated apparel suppliers which are able to achieve fast order processing and control over margins through the supply chain.

In line with its vertical integration strategy, GLG will open a garment manufacturing plant in Vietnam in October 2016, with capacity to produce approximately 14.5 million pieces per annum. GLG currently supplies approximately 60 million pieces to its customers annually. GLG's Vietnam plant is currently being constructed. Following completion of the Proposed Transaction, MXM will supply fabric directly to GLG's Vietnam plant and to GLIT.

The Trans-Pacific Partnership ("**TPP**") trade agreement between twelve Pacific Rim countries is also a driver for GLG's vertical integration strategy and the establishment of garment manufacturing capacity. Signatories to the TPP currently include Australia, Brunei, Canada, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore, the United States and Vietnam. Ratification of the TPP, which is expected to occur over the next two years, will result in lower trade barriers and tariffs between member countries. Consequently, many of GLG's customers are looking to source garments from suppliers in Vietnam.

7.2 Corporate Structure

Figure 2 – GLG Corporate Structure



Source: Information provided by Management

At present, GLG has six wholly owned subsidiaries:

— Ghim Li Global Pte Ltd, Escala Fashion Pte Ltd and Ghim LI International (S) Pte Ltd (each incorporated in Singapore);

— Ghim Li Global International Ltd, incorporated in Hong Kong;

— Escala (USA) Inc, incorporated in the United States; and

— Ghim Li Global International (Guangzhou) Ltd, incorporated in China.

7.3 Capital Structure

GLG's capital structure as at 31 December 2015 is discussed below. We understand that there has been no material change in these details to the date of this Report.

7.3.1 Fully paid ordinary shares

GLG currently has 74,100,000 fully paid ordinary shares on issue held by 394 registered shareholders. The table below sets out GLG's top 10 shareholders as at 31 December 2015.

Table 2 – GLG top 10 shareholders

Rank	Name	Shares	%
1	Ghim Li Group Pte Ltd	54,560,000	*73.6%*
2	Mr Yoke Min Pang	5,504,751	*7.4%*
3	HSBC Custody Nominees (Australia) Limited	3,310,419	*4.5%*
4	Mr Choon Ming Ngui	1,798,000	*2.4%*
5	Mr Ah Yian Au	1,322,957	*1.8%*
6	UOB Kay Hian Private Limited	1,133,600	*1.5%*
7	Mr Yu Bai	1,072,543	*1.4%*
8	Gowing Bros Limited	830,903	*1.1%*
9	Markess Trustee Limited	741,663	*1.0%*
10	Kam Hing Piece Works Ltd	330,000	*0.4%*
	Total top 10 holders of ordinary fully paid shares	**70,604,836**	***95.3%***
	Other shareholders	3,495,164	*4.7%*
	Total ordinary shares	**74,100,000**	***100.0%***

Source: GLG share register as at 31 December 2015

As set out above, GLG shareholding is heavily concentrated with the top 10 shareholders accounting for 95.3% of total issued ordinary shares. Ghim Li Group is GLG's largest shareholder and accounts for 73.6% of GLG's issued shares.

7.4 Financial position

GLG's consolidated statements of financial position as at 30 June 2014, 30 June 2015 and 31 December 2015 are set out below. GLG's functional and presentation currency is United States dollars ("**US$**").

Further information and analysis regarding significant account balances is set out in the sections that follow.

Table 3 – GLG consolidated statements of financial position

US$'000	As at 30 June 2014	As at 30 June 2015	As at 31 December 2015
Cash and cash equivalents	8,221	10,831	10,452
Trade and other receivables	78,476	85,408	77,897
Inventory	260	114	105
Other financial assets	344	344	344
Other current assets	170	180	232
Total current assets	**87,471**	**96,877**	**89,030**
Other financial assets	2,480	2,333	7,333
Plant and equipment	2,545	2,393	2,263
Total non-current assets	**5,025**	**4,726**	**9,596**
Trade and other payables	2,479	2,913	2,377
Borrowings	36,267	41,813	37,126
Current tax liabilities	1,063	949	934
Total current liabilities	**39,809**	**45,675**	**40,437**
Borrowings	141	64	40
Deferred tax liabilities	87	257	257
Total non-current liabilities	**228**	**321**	**297**
Net assets	**52,459**	**55,607**	**57,892**
Issued Capital	10,322	10,322	10,322
Retained profits / (accumulated losses)	42,137	45,285	47,570
Total equity	**52,459**	**55,607**	**57,892**

Source: GLG 2014, 2015 Annual Reports and 2016 Half Year Report

GLG's net assets as at 31 December 2015 primarily relate to cash (US$10.5 million) and trade and other receivables (US$77.9 million), partially offset by bank borrowings (US$37.1 million).

GLG net assets have increased in recent years, in line with profitability over the period.

Trade and other receivables, other financial assets, and borrowings are discussed further below.

7.4.1 Trade and other receivables

GLG's consolidated trade and other receivables as at 30 June 2014, 30 June 2015 and 31 December are set out below.

Table 4 – GLG Trade and other receivables

US$'000	As at 30 June 2014	As at 30 June 2015	As at 31 December 2015
GLIT Group - trade receivables	37,814	52,939	53,741
Third party – trade receivables	29,168	20,707	17,622
Allowance for doubtful debts	(2,360)	(2,351)	(2,310)
Total trade receivables	**64,622**	**71,295**	**69,053**
MXS	3,418	3,418	3,418
Ghim Li Group	3,081	3,327	3,330
JES Apparel LLC	1,325	1,325	1,325
Kai Li Textile Pte Ltd	(86)	26	32
GST recoverable	23	33	26
GLIT Group – other receivables	5,000	5,000	-
Global Apparel & Textile Pte Ltd	71	-	-
Maxim Singapore	368	-	-
Other receivables	654	984	713
Total other receivables	**13,854**	**14,113**	**8,844**
Trade and other receivables	**78,476**	**85,408**	**77,897**

Source: Information provided by Management

Trade receivables as at 31 December 2015 primarily relate to amounts receivable from GLIT (US$53.4 million). Trade receivables from GLIT arise as GLG provides working capital to GLIT to enable GLIT to fulfil GLG's garment orders. Management has informed us that the increase GLIT trade receivables between 30 June 2014 and 30 June 2015 primarily relates to increases in garment volumes and payment delays from key US customers which prevented GLIT from settling its liabilities to GLG.

US$25 million of the balance receivable by GLG from GLIT is guaranteed, via a letter of undertaking dated 27 June 2013, by Ghim Li Group.

Other receivables from MXS relate to working capital provided by GLG to MXS in the past. Subsequent to the Proposed Transaction, this receivable balance will eliminate on consolidation.

Other receivables from Ghim Li Group relate to working capital advances from GLG. The balance of amounts receivable from Ghim Li Group is currently approximately US$3.85 million. As discussed in Section 5, the balance receivable from Ghim Li Group will be set off against the Completion Consideration.

7.4.2 Other financial assets

GLG's consolidated other financial assets as at 30 June 2014, 30 June 2015 and 31 December are set out below.

Table 5 – GLG Other financial assets

US$'000	As at 30 June 2014	As at 30 June 2015	As at 31 December 2015
GLIT Group – other receivables	-	-	5,000
Rental deposit	1,871	1,871	1,871
Term loan receivable	609	462	462
Total trade receivables	**2,480**	**2,333**	**7,333**

Source: Information provided by Management

Other receivables from GLIT as at 31 December 2015 of US$5 million relate to a security deposit lodged by GLG with GLIT, allowing GLG to reserve 100% of GLIT's garment production capacity and were classified as non-current as at 31 December 2015 as the deposit is not expected to be released within 12 months.

Rental deposit relates to a 10 year premises lease from Ghim Li Group.

The term loan of US$462 thousand is receivable from Ghim Li Group. The loan has a 10-year term, commencing January 2014, and annual interest is fixed at 2% per annum.

7.4.3 Borrowings

Bank borrowings are used to support the working capital requirements of GLG's operations.

GLG's bank loans are secured by corporate guarantee from Ghim Li Group and a negative pledge over all assets of Ghim Li Group.

As at 31 March 2016, GLG had financing facilities available of US$127.7 million and had utilised US$39.3 million of these facilities.

7.5 Financial Performance

Details of GLG's consolidated historical financial performance for the years ended 30 June 2014 ("**FY14**"), 30 June 2015 ("**FY15**"), the six months ended 31 December 2015 ("**6M16**") are set out below.

Table 6 – GLG consolidated statements of financial performance

US$'000	FY14	FY15	6M16
Revenue	225,893	180,126	89,901
Cost of sales	(206,416)	(161,358)	(79,639)
Gross profit	**19,477**	**18,768**	**10,262**
GM %	*8.6%*	*10.4%*	*11.4%*
Other revenue	424	142	-
Other income	401	75	147
Administration expenses	(12,094)	(11,169)	(5,175)
Distribution expenses	(970)	(1,045)	(1,234)
Other expenses	(2,100)	(2,514)	(911)
Finance expenses	(457)	(392)	(467)
Profit / (loss) before income tax	**4,681**	**3,865**	**2,622**
Income tax expense	(643)	(717)	(337)
Total comprehensive income for the year / period	**4,038**	**3,148**	**2,285**

Source: GLG 2014, 2015 Annual Reports and 2016 Half Year Report

GLG was profitable after tax in each of FY14, FY15 and 6M16.

GLG's net profit before tax decreased 17.4% to US$3.9 million in FY15, compared with US$4.7 million in the previous financial year. This decrease is primarily due to a decline in FY15 revenue of 20%, partially offset by gross profit margin improvement from 8.6% in FY14 to 10.5% in FY15.

The FY15 decrease in sales was mainly a reflection of a weakening consumer market and decreased orders from a major US customer which closed a significant number of stores in 2014. The decline from this customer accounted for a decrease of approximately 9.1% of GLG's revenue.

6M16 revenue appears to have stabilised in comparison with the prior year and GLG's gross profit margin increased further in 6M16 to 11.4%. Management attributes gross profit margin improvements over the last 18 months to improvements in product mix.

GLG has reduced administration overhead expenses, which primarily comprise employee costs, rental costs, management fees, and other office expenses, over the last 18 months. This decrease has been achieved through a streamlining of processes, savings in employee expenses and management fees due to the termination of service contracts.

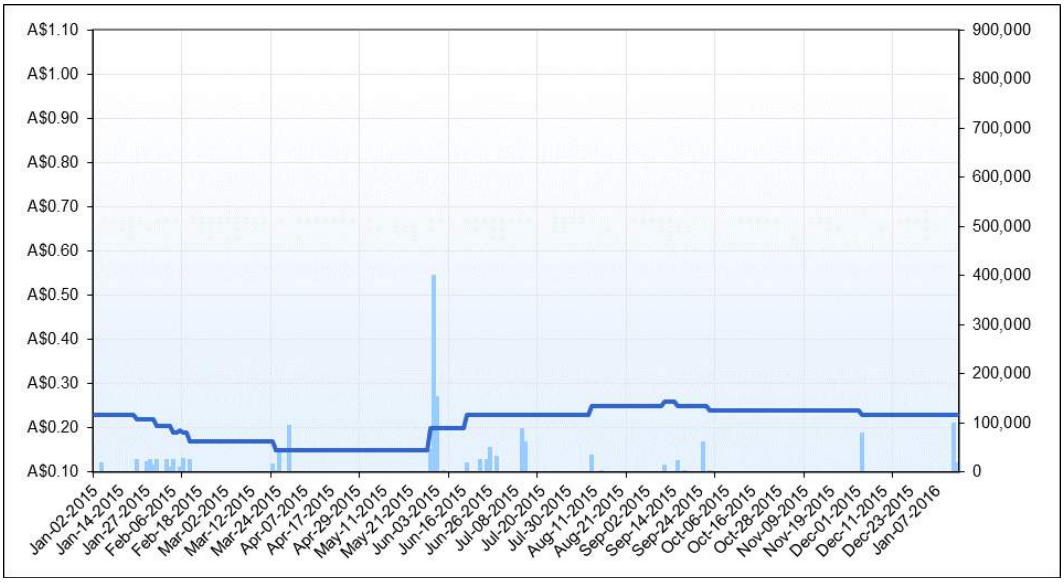
Distribution expenses increased significantly in 6M16 compared with prior years due to an increase in the number of samples required for presentation and frequent travel necessary to develop new and existing customers.

7.6 Historical share price performance

GLG shares last traded on 15 January 2016 at $0.23. No trading in GLG shares has occurred since.

The figure below shows GLG's share price and trading volumes from 1 January 2015 to the date of this Report.

Figure 3 – GLG historical share price and trading volumes



Source: Standard & Poors Capital IQ

8. Overview of G&G Group

8.1 G&G International Pte Ltd

8.1.1 Overview

G&G is a private company incorporated on 25 May 2016 in Singapore.

8.1.2 Corporate Structure

G&G is wholly owned by Ghim Li Group, and upon completion of the Proposed Transaction, will be the registered legal and beneficial owner of MXM and MXS.

8.1.3 Capital Structure

As at 27 May 2016, G&G's issued capital was US$2 consisting of 2 ordinary shares.

8.1.4 Financial information

It is our understanding that G&G has not traded or otherwise been active since incorporation. Prior to finalisation of its acquisition of MXM and MXS, G&G's balance sheet reflects only issued capital of US$2.

8.2 Maxim Textile Technology Sdn Bhd (“MXM”)

8.2.1 Overview

MXM is a private company incorporated and based in Malaysia. The main activities of MXM are the manufacture and sale of knitted fabric. Prior to the Proposed Transaction, MXM was a wholly owned subsidiary of Ghim Li Group Pte Ltd.

MXM sources yarn primarily from Vietnamese suppliers and produces a range of un-dyed, dyed and dyed and printed fabrics. MXM specialises in the manufacture of interlock, single jersey & spandex jersey, pique & spandex pique, RIB and fleece.

MXM owns two properties: its premises at Senai, Malaysia (the “**Senai Property**”), and another property at Kulai, Malaysia (the “**Kulai Property**”) which it leases to Ghim Li Fashion Malaysia. For the purposes of this Report, we have obtained independent valuations of the Senai Property and the Kulai Property.

As discussed in Section 7.1, GLIT is presently MXM’s sole customer. In turn, GLIT supplies approximately 90% of GLG’s garment requirements. MXM Management estimates that MXM currently supplies in the range of 30% to 40% of GLIT’s fabric requirements. MXM has been supplying fabric to GLIT since 2000 although there is no formal contract between the two entities which have historically operated as members of the wider Ghim Li Group.

Historically, MXM had limited in-house dying and printing capability and this has limited the volume of fabric it could supply to GLIT. However, MXM invested heavily in dying and printing facilities and equipment during FY14, FY15 and to date in FY16 (c.US$9.6 million investment over this period) and has been bringing dying capacity online since FY15.

To date, MXM’s fabric dying capacity has been constrained by water availability at its Senai manufacturing facility. MXM will invest an estimated US$0.8 million in a water recycling system at Senai in FY17 and this investment is planned to result in a significant uplift in its fabric dying capacity.

MXM Management estimates that with the investment in fabric dying and printing capacity, MXM will have capacity to supply up to 70% of GLIT’s fabric requirements in the future.

As discussed in Section 7.1, subsequent to completion of the Proposed Transaction, GLG plans to source fabric from MXM for its garment manufacturing operations in Vietnam. GLG Management has informed us that GLG / GLIT’s current and forecast demand for fabric significantly exceeds MXM’s production capacity.

8.2.2 MXM Financial Position

MXM’s audited financial position as at 30 June 2014, 30 June 2015 and unaudited financial position as at 31 March 2016 is set out below.

Table 7: MXM balance sheet summary

US$'000	As at 30 June 2014	As at 30 June 2015	As at 31 March 2016
Cash and cash equivalents	643	112	360
Trade and other receivables	3,910	2,501	1,461
Inventory	4,283	4,425	5,185
Total current assets	**8,836**	**7,038**	**7,007**
Property, plant and equipment	17,569	21,606	22,895
Investment properties	3,637	3,449	3,449
Total non-current assets	**21,206**	**25,055**	**26,344**
Trade and other payables	6,150	6,558	6,598
Borrowings	7,921	10,620	17,530
Current tax liabilities	40	120	-
Total current liabilities	**14,111**	**17,298**	**24,128**
Borrowings	7,960	6,583	15
Trade payable	-	-	-
Deferred tax liabilities	452	-	-
Total non-current liabilities	**8,412**	**6,583**	**15**
Net assets	**7,519**	**8,212**	**9,208**
Issued Capital	526	526	526
Reserve	4,406	5,913	5,913
Retained profits / (accumulated losses)	2,587	1,773	2,769
Total equity	**7,519**	**8,212**	**9,208**

Source: Audited financial statements for the years ended 30 June 2014, 30 June 2015 and unaudited management accounts for the nine months ending 31 March 2016

We note the following regarding the historical financial position of MXM:

— MXM reported increases in net assets in FY15 and in the nine months ended 31 March 2016 ("9M16").

— MXM reported a post-tax loss of US$815 thousand in FY15 however, the increase in net assets in that year come primarily from upwards revaluation of property of US$1.6 million.

— MXM's increase in net assets in 9M16 primarily reflects net after tax profits for the period of $996 thousand. MXM's trading performed is discussed further in Section 8.2.3 below.

— Total borrowings of US$15.9 million, US$17.2 million and US$17.5 million in FY14, FY15 and 9M15, respectively, have remained reasonably stable over the period reviewed.

— MXM's trade and other receivables relate primarily to amounts receivable from GLIT. As at 31 March 2016, GLIT receivables totalled US$1.2 million. Trade and other receivables decreased US$1.4 million in FY15 and US$1.0 million in 9M15. It is our understanding that the reduction in trade and other receivables primarily relates to a change in MXM's credit terms from 30 days to 14 days.

— MXM inventory relates primarily to yarn and work in progress. As at 31 March 2016, 49% of MXM's inventory balance was yarn. 36% related to work in progress.

— MXM trade and other payables as at 31 March 2016 primarily relate to purchases of yarn (US$1.3 million), purchases of fabric produced by sub-contractors (US$0.7 million), amounts payable for plant and equipment purchases (US$0.9 million) and a working capital loan owing to Ghim Li Fashion (Malaysia) Sdn Bhd in the amount of US$2.0 million.

— Property, plant and equipment, investment properties and borrowings are discussed further below.

Property, plant and equipment

Property, plant and equipment primarily relates to the Senai Property, part of the Kulai Property and knitting, dying and printing plant and equipment. Analysis of the cost and written down value of MXM's property, plant and equipment is set out in the table below.

Table 8: Property, plant and equipment

US$000	Cost	Written Down Value
Senai land and buildings	11,376	10,188
Dying plant and equipment	6,685	5,720
Kulai land and buildings	2,546	2,333
Printing plant and equipment	1,635	1,484
Knitting plant and equipment	2,653	1,305
Factory renovations	2,209	1,023
Other factory equipment (including machinery work in progress)	1,743	841
Total property, plant and equipment	**28,847**	**22,895**

Source: Information provided by Management

Excluding revaluation of freehold land and buildings and leasehold land and buildings, MXM invested US$2.9 million in plant and equipment and factory renovations in FY14 and a further US$4.0 million in FY15. These investments primarily related to dying machinery and facilities. In the nine months to 31 March 2016, MXM invested a further US$2.8 million in plant and machinery, primarily in relation to dying equipment (US$2.0 million) and printing equipment (US$0.7 million).

As set out above, the book value of the Senai Property as at 31 March 2016 was US$10.188 million. The total book value of the Kulai Property is calculated as the sum of the portions included in property, plant and equipment (US$2.333 million) and in investment properties (US$3.449 million) and is equal to US$5.782 million. In its 30 June 2016 audited accounts, property, plant and equipment in relation to the Kulai property will be reclassified as investment property.

Investment properties

Investment properties relates to the Kulai Property located Lot 7962, Batu 22, Jalan Air Hitam, 81000 Kulai, Johor. The majority of this property is occupied by and leased to Ghim Li Fashion (Malaysia) Sdn Bhd.

The Kulai Property is leased to Ghim Li Fashion (M) Sdn Bhd, a garment manufacturer and wholly owned subsidiary of GLIT.

Borrowings

Borrowings relate to property loans and working capital bank loans. The detail of borrowings is set out below.

Table 9: MXM borrowings as at 31 March 2016

Description	Total facility (US$000)	Interest rate	Balance as at 31 March 2016 (US$000)
Property loans:			
Senai Property - RM15.0 million	3,870	COF + 2.25%	2,822
Kulai Property - RM8.5 million	1,624	COF + 2.25%	1,012
	5,494		**3,834**
Term loans:			
RM3.0 million	688	COF + 2.25%	457
RM1.24 million	310	COF + 2.25%	211
US$1.12 million	1,117	COF + 2.25%	945
US$1.4 million	1,366	COF + 3.26%	937
US$624 thousand	624	COF + 3.26%	425
US$4.9 million	4,900	COF + 2.25%	1,960
US$640 thousand	800	COF + 2.25%	486
	9,805		**5,421**
Trust receipts:			
UOB		COF + 1.75%	5,862
DBS		COF + 1.75%	2,413
			8,275
Total borrowings			**17,530**

Source: Information provided by Management

Trust receipts are short term trade loans provided by the respective lenders for the purchase of imported yarn under a letter of credit where title to the goods is held by the lender.

8.2.3 MXM Financial Performance

MXM's audited statements of financial performance for the years ended 30 June 2014, 30 June 2015 and unaudited statement of financial performance for the twelve months ended 30 June 2016 are set out below.

Table 10: MXM profit and loss summary

US$000	FY14 Audited	FY15 Audited	FY16 Unaudited
Revenue	27,192	26,656	35,634
Cost of sales	(27,053)	(27,464)	(31,757)
Gross profit / (loss)	**139**	**(808)**	**3,877**
GM%	0.5%	-3.0%	10.9%
Other income	827	1,618	776
General and administration expenses	(857)	(1,086)	(2,302)
Selling and distribution expenses	(485)	(399)	(410)
Finance costs	(618)	(607)	(526)
Profit / (loss) before tax	**(994)**	**(1,282)**	**1,415**
Tax income / (expense)	157	467	(38)
Net profit / (loss)	**(837)**	**(815)**	**1,377**
EBITDA add-backs:			
Finance costs	618	607	526
Tax expense	(157)	(467)	38
Depreciation	1,006	1,543	2,039
EBITDA	**630**	**868**	**3,980**
Normalisation adjustments:			
Gain on disposal of PP&E	-	(2)	(10)
FX gain realised	-	(109)	(510)
FX gain unrealised [1]	(152)	(1,022)	(50)
Property impairment losses	-	-	409
Insurance claims	(37)	-	(5)
Interest income	(1)	(5)	(6)
Rental income	(558)	(363)	(245)
Normalised EBITDA	**(118)**	**(633)**	**3,563**

Source: Audited financial statements for FY14 and FY15; Management accounts for FY16

Note 1: Unrealised FX gains / losses for FY16 are an estimate by MXM Management and have not yet been finalised.

We note the following regarding MXM's historical statements of financial performance:

— MXM achieved a significant increase in revenue and gross profits in FY16, resulting in unaudited profit after tax of US$1.4 million, compared with losses after tax of US$0.8 million in each of FY14 and FY15;

— After adding back finance costs (interest), tax income and expenses, and depreciation, MXM's FY16 EBITDA improved from US$0.6 million and US$0.9 million in FY14 and FY15, respectively, to US$4.0 million. MXM's depreciation expense has increased significantly following its investment in dying and printing machinery and facilities;

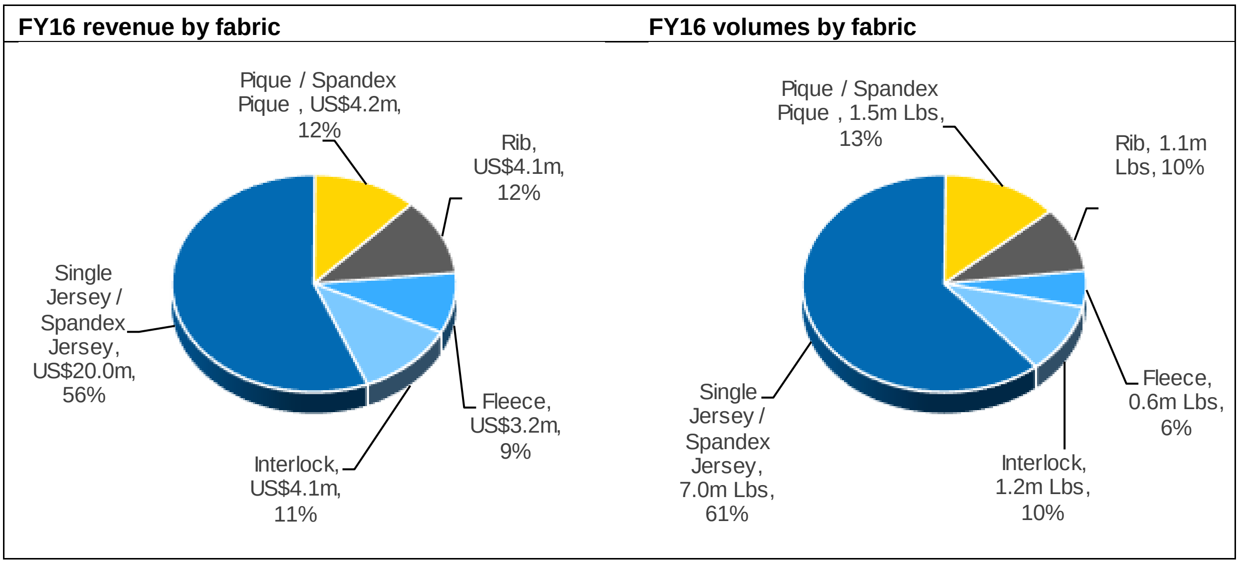
— We have estimated normalised FY16 EBITDA to be US$3.6 million, primarily adjusting for foreign exchange gains and losses, rental income on the Kulai Property and impairment adjustments, a significant increase compared with normalised EBITDA for the prior two years.

Revenue

As discussed earlier in this report, MXM invested heavily in fabric dying and printing capacity during FY14, FY15 and FY16. MXM's increase in revenue in FY16 of US$9.0 million (34%) has resulted from that capacity beginning to come online.

MXM Management estimates that utilisation of dying and printing capacity currently sits at around 40% of total available capacity. Utilisation has been limited by water availability at Senai, which will be rectified via planned investment in a water recycling plant, and productivity issues due as MXM's workforce refines its dying processes.

Figure 4 – FY16 revenue analysis



Source: Information provided by Management

Gross margin percentage

MXM reported gross margin percentages of 0.5% and (3.0%) in FY14 and FY15, respectively. We note that MXM's gross profit in FY14 and FY15 includes costs in relation to pilot dying and printing operations before these processes were ready to be commercialised.

As follows, several factors contributed to MXM's increase in FY16 gross margin percentage:

— Commencement of larger scale dying and printing operations which resulted in an increase in sales of higher margin fleece and interlock fabrics;

— Cheaper sourcing of yarn supplies from new suppliers and Vietnam which also subsequently resulted in improved pricing negotiations with existing suppliers; and

— Efficiency and productivity improvements which have resulted in decreases in production losses.

Other income

Other income in FY14, FY15 and FY16 primarily related to foreign currency gains and losses, rental income on the Kulai Property. For the purposes of estimating normalised EBITDA we have removed these items from historical EBITDA.

General and administration expenses

MXM's general and administration expenses were reasonably stable between FY14 and FY15 however, these expenses increased by US$1.2 million in FY16. US$1.1 million of this increase relates to a provision for potential Malaysian customs penalties. Malaysian customs has issued MXM with a claim of US$2.2 million in relation to the import of yarn. MXM disputes the claim and has engaged legal representation on the matter but provided for half of the claimed amount in its FY16 accounts.

Excluding the customs claim provision, FY16 general and administration expenses were consistent with prior periods.

Selling and distribution expenses

MXM's selling and distribution expenses relate primarily to outwards freight and were broadly consistent year-on-year throughout the period reviewed.

EBITDA normalisation adjustments

In order to estimate MXM's normalised historical EBITDA, we have adjusted for the following items on the basis that they are not once-off or non-recurring:

- Realised and unrealised foreign currency exchange gains and losses;
- Property impairment losses; and
- Insurance claims.

We have also normalised out rental income received in respect of the Kulai Property. As discussed in Section 10.3.5, we have done this so that we are able to treat the Kulai Property as a surplus asset for valuation purposes in Section 11.

8.2.4 Valuation of Senai Property and Kulai Property

For the purpose of inclusion in this Report, we engaged:

— One Asia Property Consultants (KL) Sdn Bhd ("**One Asia Property**") to prepare an independent valuation of the Senai Property (the "**Senai Property Valuation Report**"); and

— KGV International Property Consultants (Johor) Sdn Bhd ("**KGV International**") to prepare an independent valuation of the Kulai Property (the "**Kulai Property Valuation Report**").

The Senai Property Valuation Report and the Kulai Property Valuation Report are included in full in Appendices F and G, respectively.

We have relied on the Senai Property Valuation Report and the Kulai Property Valuation and have adopted the findings of these reports in our valuation workings. One Asia Property and KGV International are expert property appraisers with the necessary experience and qualifications. As such, we performed a high level review of their valuations to ensure that the reports were suitable for our use.

Senai Property Valuation Report

We note the following regarding the Senai Property Valuation Report:

— One Asia Property inspected the Senai Property held under Lot No 105117 and 105118, title No HS (D) 63570 & HS (D) 63571, in the Mukim of Senai, District of Kulaijaya, Johor Darul Takzim, on 22 June 2016 and gathered all information considered relevant and necessary for carrying out its valuation;

— The tenure of the Senai Property is a 60-year leasehold interest, expiring on 14 May 2050;

— The valuation was prepared on the basis of Market Value, which One Asia Property defines as "the estimated amount for which an asset should exchange on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeable, prudently and without compulsion";

— At the date of inspection, One Asia Property noted that the property was occupied and subject building was in a fair state of decorative repair and maintenance;

— One Asia Property applied the Cost and Comparison Method and the Investment Method when valuing the Senai Property. The Cost and Comparison Method primarily references comparable recent sale transactions to establish a market value for the subject property. The Investment Method looks at capitalisation of passing rent at an appropriate yield in order to determine value. One Asia Property gave greater weight to its findings per the Cost and Comparison Method in forming its valuation conclusion.

We are satisfied with the valuation methodologies adopted by One Asia Property which appear to be in accordance with industry practice. On the basis of the Senai Property Valuation Report, we have adopted RM38,000,000 as the fair market value of Senai Property for the purposes of this Report.

RM38,000,000 converts to US$9,688,934 at the 31 March 2016 exchange rate of USD:MYR3.922.

Kulai Property Valuation Report

We note the following regarding the Kulai Property Valuation Report:

— KGV International inspected the Kulai Property, held under Lot No 7962, Mukim of Senai, District of Kulaijaya, Johor Darul Takzim, on 28 June 2016 and gathered all information considered relevant and necessary for carrying out its valuation;

— The Kulai Property is a freehold interest;

- The valuation was prepared on the basis of Market Value, which KGV International defines as "the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion";
- KGV International adopted the Cost Method as its primary valuation methodology and the Investment Method as a cross-check. The Cost Method primarily references comparable recent sale transactions to establish a market value for the subject property. The Investment Method looks at capitalisation of passing rent at an appropriate yield in order to determine value. KGV International gave greater weight to its findings per the Cost Method in forming its valuation conclusion.

We are satisfied with the valuation methodologies adopted by KGV International which appear to be in accordance with industry practice. On the basis of the Kulai Property Valuation Report we have adopted RM21,000,000 as the fair market value of the Kulai Property for the purposes of this Report.

RM21,000,000 converts to US$5,354,411 at the 31 March 2016 exchange rate of USD:MYR3.922.

8.3 Maxim Textile Technology Pte Ltd ("MXS")

8.3.1 Overview

MXS is a private company incorporated and domiciled in Singapore. The main business activities of MXS were dyeing and finishing of textile and fabric however, MXS has been dormant since June 2011.

It is our understanding that MXS has unrecognised tax losses of US$ 6.2 million as at 30 June 2015, the balance can be carried forward and used to offset against future taxable income. The carried forward tax losses have no expiry date.

8.3.2 MXS Financial Position

MXS's audited financial position as at 30 June 2014, 30 June 2015 and unaudited financial position as at 31 March 2016 is set out below.

Table 11: MXS balance sheet summary

US$000	As at 30 June 2014	As at 30 June 2015	As at 31 March 2016
Trade and other payables	9	2	-
Related party loans	3,426	3,430	3,432
Total current liabilities	**3,435**	**3,432**	**3,432**
Net liabilities	**(3,435)**	**(3,432)**	**(3,432)**
Issued Capital	1,321	1,321	1,321
Retained profits / (accumulated losses)	(4,757)	(4,753)	(4,754)
Total equity	**(3,435)**	**(3,432)**	**(3,432)**

Source: Audited financial statements for the years ended 30 June 2014, 30 June 2015 and unaudited management accounts for the nine months ending 31 March 2016

We note the following regarding the historical financial position of MXS:

- MXS has been in a net liability position during the last three financial years;
- Amounts due to related parties primarily relate to amounts owing to GLG. It is our understanding that the balance relates to payments made on behalf of MXS by GLG.

Carry forward tax losses

MXS has unutilised tax losses of S$8,438,686, brought forward brought forward from the years ended 30 June 2008 through to 30 June 2012.

Nexia TS Pte Ltd ("**Nexia**") (Singaporean Certified Public Accountants) reviewed MXS's carry forward tax losses for the purposes of ascertaining whether the Proposed Transaction would affect MXS's ability to satisfy the shareholding test for claiming carry forward relief in respect of its unutilised trade losses of S$8,438,686.

Nexia concluded that subsequent to the Proposed Transaction, MXS's unutilised tax losses of S$8,438,686 can be carried forward for deduction against future assessable income without the need to submit application for waiver from shareholding tests under Singaporean tax law.

8.3.3 MXS Financial Performance

MXS's audited statements of financial performance for the years ended 30 June 2014, 30 June 2015 and unaudited financial performance for the nine months ending 31 March 2016 are set out below.

Table 12: MXS profit and loss summary

US$000	FY14	FY15	9M15
Other income	-	8	-
Other expenses	(6)	(5)	-
Profit / (loss) before income tax	**(6)**	**3**	**-**
Income tax expenses	-	-	-
Net profit / (loss) after tax for the year	**(6)**	**3**	**-**

Source: Audited financial statements for the years ended 30 June 2014, 30 June 2015 and unaudited management accounts for the nine months ending 31 March 2016

9. Value of Consideration

9.1 Components of Consideration in the Proposed Transaction

As discussed in Section 5, the Consideration is comprised of the Completion Consideration and the Post-Completion Performance Incentive.

The Completion Consideration consists of the following elements:

- The aggregated net tangible assets of G&G Group at completion, including its interests in MXM and MXS;
- US$1 million in respect of carry forward tax losses of MXS; and
- Six times the projected net profit after tax ("**NPAT**") of MXM for the year ending 30 June 2016 ("**FY16**"), being US$1 million per the SPA ("**Projected FY16 NPAT**").

The Post-Completion Performance Incentive is calculated in respect of each of the four financial years from FY17 to FY20. GLG will pay to Ghim Li Group twice any uplift in MXM's NPAT for the current financial year compared with the prior financial year.

9.2 Value of Completion Consideration

9.2.1 Aggregated net tangible assets of G&G Group at completion

Our understanding is that per the terms of the SPA, GLG will pay to Ghim Li Group an amount equal to the aggregated net tangible assets of the G&G Group, adjusted for the current market valuations of the Kulai and Senai Properties held by MXM.

The following table sets out the aggregated net tangibles assets of G&G Group as at 31 March 2016, based on the latest available management accounts for each entity.

Table 13: G&G Group aggregated net tangible assets as at 31 March 2016

US$'000	G&G	Maxim Malaysia (adjusted[1])	Maxim Singapore	Aggregated
Cash and cash equivalents	-	360	-	360
Trade and other receivables	-	1,461	-	1,461
Inventory	-	5,185	-	5,185
Total current assets	**-**	**7,007**	**-**	**7,007**
Property, plant and equipment	-	21,967	-	21,967
Investment properties	-	3,449	-	3,449
Total non-current assets	**-**	**25,416**	**-**	**25,416**
Trade and other payables	-	6,598	-	6,598
Related party loans	-	-	3,432	3,432
Borrowings	-	17,530	-	17,530
Current tax liabilities	-	-	-	-
Total current liabilities	**-**	**24,128**	**3,432**	**27,560**
Borrowings	-	15	-	15
Trade payable	-	-	-	-
Deferred tax liabilities	-	-	-	-
Total non-current liabilities	-	15	-	15
Net assets	**-**	**8,280**	**(3,432)**	**4,848**
Issued Capital	-	526	1,321	1,847
Reserve	-	4,985	-	4,985
Retained profits / (accumulated losses)	-	2,769	(4,754)	(1,985)
Total equity	**-**	**8,280**	**(3,432)**	**4,848**

Source: Unaudited management accounts of MXM and MXS as at 31 March 2016

Note 1: The balance sheet of MXM as at 31 March 2016 has been adjusted for the current market valuations of the Kulai Property and the Senai Property. Calculations are set out in Table 14, below.

As discussed in Section 8.1.4, G&G International Pte Ltd is newly incorporated. Prior to finalisation of its acquisition of MXM and MXS, G&G's balance sheet reflects only issued capital of US$2.

MXM's 31 March 2016 balance sheet (refer Section 8.2.2) has been adjusted for the fair market value of the Kulai Property and the Senai Property as follows.

Table 14: MXM – Adjusted net assets as at 31 March 2016

US$'000	Ref.	Kulai Property	Senai Property	Total
Written down book value as at 31 March 2016	**8.2.2**	**5,783**	**10,188**	**15,971**
Fair market valuations:				
KGV international Kulai Property Valuation Report	App. G	5,354		5,354
One Asia Property Senai Property Valuation Report	App. F		9,689	9,689
Total Fair Market Value of Properties				**15,043**
Difference to written down book value as at 31 March 2016				(928)
Maxim Malaysia net assets as at 31 March 2016	8.2.2			9,208
Adjusted Maxim Malaysia net assets as at 31 March 2016				**8,280**

Source: MXM 31 March 2016 management accounts, KGV International Kulai Property Valuation Report, and One Asia Property Senai Property Valuation Report

MXS's balance sheet as at 31 March 2016 has been sourced from Section 8.3.2. No adjustments have been necessary.

Based on the calculations set out above, we estimate Completion Consideration in relation to the net tangible assets of G&G Group to total US$4.8 million, including adjustments for the current fair market value of the Kulai Property and the Senai Property.

9.2.2 MXS carry forward tax losses

Per the terms of the SPA, GLG will pay to Ghim Li Group US$1 million in relation to the carry forward tax losses of MXS. With no income and net liabilities of US$3.4 million as at 31 March 2016, there is little evidence of any other equity value in MXS.

9.2.3 Multiple of MXM 30 June 2016 NPAT

Per the terms of the SPA, GLG will pay to Ghim Li Group six times the projected MXM FY16 NPAT. The SPA assumes MXM FY16 NPAT will be US$1 million. Completion Consideration is adjusted if MXM's FY16 NPAT is higher or lower than US$1 million.

As set out in Section 8.2.3, MXM reported unaudited NPAT for the year ended 30 June 2016 of US$1.4 million.

Per the terms of the SPA, GLG pays six times the difference between MXM FY16 NPAT of US$1 million and actual MXM FY16 NPAT, up to a maximum of US$0.9 million.

Given MXM's unaudited FY16 NPAT, we have assumed that Completion Consideration in relation to a multiple of MXM NPAT will be US$6.9 million, reflecting the full consideration adjustment allowed by the SPA.

9.3 Value of Post-Completion Performance Incentive

Per the terms of the SPA, the Post-Completion Performance Incentive is calculated in respect of each of the four financial years from FY17 to FY20. GLG will pay to Ghim Li Group twice any uplift in MXM's NPAT for the current financial year compared with the prior financial year.

We have based our estimation of the value of the Post-Completion Performance Incentive on MXM's forecasts which are discussed in Section 11.3.

If the relevant criteria are met, Post-Completion Performance Incentive payments will occur in the future, with payment required 20 days post finalisation of MXM's audits for FY17 through to FY20. The precise quantum of Post-Completion Performance Incentives can only be estimated at this point in time and will depend on the future financial performance of MXM. For the purposes of assessing the Proposed Transaction, we have estimated future Post-Completion Performance Incentive payments and then discounted these payments to present value.

Our calculation of the present value of estimated Post-Completion Performance Incentives is set out below.

Table 15: Present value of estimated Post-Completion Performance Incentives ("PCPI")

Period	Forecast NPAT Uplift (US$000)	Multiple	Estimated PCPI (US$000)	Discount factor [1]	Discount factor [1]	Present Value PCPI (US$000)	Present Value PCPI (US$000)
				15.50%	14.00%	Low	High
FY17	118	2.0	236	0.866	0.877	205	207
FY18	1,010	2.0	2,020	0.750	0.769	1514	1,554
FY19	503	2.0	1,007	0.649	0.675	654	680
FY20	668	2.0	1,336	0.562	0.592	751	791
Present value of estimated Post-Completion Performance Incentives						**3,123**	**3,232**

Source: MXM Forecasts and William Buck analysis

Note 1: Estimated PCPI for each year have been discounted to present value using the WACC range determined for MXM at Section 11.4.1.

Based on the calculations set out above, we estimate the present value of Post-Completion Performance Incentives to be in the range of US$3.1 million to US$3.2 million, reflecting the MXM Forecasts and the terms of the SPA.

9.4 Value of Consideration

Based on the foregoing discussion, we have calculated Consideration in the Proposed Transaction as follows.

Table 16: Consideration summary

Consideration component	Ref.	Low (US$000)	High US$000
Completion Consideration:			
Aggregated net assets of G&G Group at completion	9.2.1	4,848	4,848
Maxim Singapore carry forward tax losses	9.2.2	1,000	1,000
Multiple of Maxim Malaysia FY16 NPAT	9.2.3	6,900	6,900
Total Completion Consideration		**12,748**	**12,748**
Post-Completion Performance Incentive:			
Present value of estimated Post-Completion Performance Incentive	9.3	3,123	3,232
Total Post-Completion Performance Incentive		**3,123**	**3,232**
Total Consideration		**15,871**	**15,980**

Source: William Buck analysis

We estimate total Consideration in relation to the Proposed Transaction to be in the range of US$15.9 million to US$16.0 million.

10. Valuation Methodology – G&G Group

10.1 Selection of Valuation Methodologies

ASIC Regulatory Guide 111 outlines the appropriate methodologies which an expert should generally consider when valuing assets or securities for the purposes of, amongst other things, takeovers, schemes of arrangement, selective capital reductions, related-party transactions and share buybacks.

These include:

— the discounted cash flow ("**DCF**") methodology and the estimated realisable value of any surplus assets;

— the application of earnings multiples appropriate for the businesses or industries in which the company or its profit centres are engaged, to the estimated future maintainable earnings or cash flows of the company, added to the estimated realisable value of any surplus assets;

— the amount that would be available for distribution to security holders on an orderly realisation of assets;

— the quoted price for listed securities, when there is a liquid and active market and allowing for the fact that the quoted price might not reflect their value, should 100% of the securities be available for sale; and

— any recent genuine offers received by the company for any business units or assets as a basis for valuation of those business units or assets.

For the purposes of this Report, fair market value is defined as the price that would be negotiated in an open and unrestricted market between a knowledgeable, willing, but not anxious purchaser and a knowledgeable, willing, but not anxious vendor acting on an arm's length basis.

Appendix C provides further detail in relation to the various valuation methods that are commonly used to assess the fair value of businesses and shares in companies. The selection of which methods are the most appropriate in any situation rests with the circumstances of the particular case.

Appropriate valuation methodologies in respect of G&G, MXM and MXS are discussed below.

10.2 Valuation Methodology – G&G Group

We have adopted the following valuation methodologies to value each of the G&G Group entities.

Entity	Methodology	Reasoning
G&G International Pte Ltd	n/a	— Prior to finalisation of its acquisition of MXM and MXS, G&G's balance sheet reflects only issued capital of US$2.
Maxim Textile Technology SDN BHD	Discounted cash flow ("**DCF**")	— Refer discussion at Section 10.3.
Maxim Textile Technology Pte Ltd	Net assets / liabilities	— Non-operating entity. — Value (if any) lies in underlying assets and liabilities.

10.3 MXM

We are of the view that the discounted cash flow ("**DCF**") method is the most appropriate valuation methodology to apply in the case of MXM. This method has been assessed as the most appropriate methodology for the following reasons:

- MXM has been able to provide us with sufficiently detailed and forecast financial information to enable the application of the DCF valuation methodology;
- MXM invested heavily in fabric dyeing and printing plant and equipment in FY14, FY15 and FY16 and is forecast to invest in additional knitting plant and equipment in FY17 and FY18. Its fabric dyeing business has not yet reached maturity in terms of productivity and utilisation of these recently acquired assets and MXM profitability is forecast to increase with the acquisition of the new knitting machines. Consequently, MXM has not yet established a maintainable level of historical earnings on which a valuation reflecting a multiple of future maintainable earnings could be based; and
- The net assets of MXM do not properly reflect the value of the goodwill inherent in the business, consequently an asset based valuation methodology is not considered appropriate.

The DCF method derives the value of an entity by discounting forecast cash flows of the business at an appropriate discount rate. The steps involved in determining forecast cash flows and an appropriate discount rate and a terminal value are outlined in the following sections.

10.3.1 Forecast Cash Flows

The DCF method is based on discounting the expected future net cash flows of an enterprise to their present value. A fundamental component of this method is the expected net cash flows of the entity being valued. Forecast net cash flows represent management's expectation as at the valuation date. The cash flow forecast that is relied upon varies depending upon the information that is available, the reliability with which net cash flows are able to be forecast and the particular circumstances of the entity that is being valued. Forecast cash flows for a period of three to five years from the valuation date are generally used. The forecast cash flows of MXM are discussed further in Section 11.3.

10.3.2 Determination of Appropriate Discount Rate

The discount rate to be used in the DCF methodology to determine the value of an entity is that rate of return which an investor could expect to obtain by investing in other investments with comparable risk. This return, known as the weighted average cost of capital ("**WACC**"), is calculated by weighting the required returns on interest-bearing debt and ordinary equity capital in proportion to their estimated percentages based on the expected capital structure.

10.3.3 Determination of the Terminal Value

It is common when applying a DCF methodology to value an asset or entity that is expected to have earnings indefinitely into the foreseeable future to only have detailed cash flow forecasts for a relatively limited period of three to five years from the valuation date. It is therefore general valuation practice to take into account a terminal value when applying a DCF methodology to the valuation of an asset or entity that is expected to have earnings indefinitely into the foreseeable future.

The terminal value of an entity at the end of a cash flow forecast period represents the value of the entity at that time, which, in turn reflects the net present value of the cash flows accruing beyond that period.

10.3.4 Derivation of Equity Value

Once the enterprise value has been determined (based on the present value of forecast cash flows), adjustments are made to derive the equity value of the company. The types of adjustments which are generally made include:

- Deduction of any interest-bearing debt and inclusion of any interest-bearing deposits;
- Application of premiums and/or discounts to the equity value. The application of such premiums and discounts will depend upon the specific circumstances of the company which is being valued, including whether the company's shares suffer from any marketability restriction when compared to the shares from which the WACC was derived and whether a controlling or minority interest is being valued; and
- The addition of surplus assets and/or subtraction of surplus liabilities.

Our derivation of the equity value of MXM at the Valuation Date, through the application of the DCF method is set out in Section 11.

10.3.5 Surplus assets and liabilities

As discussed in Section 8.2, MXM owns the Senai Property and the Kulai Property. MXM's fabric manufacturing operations are conducted from the Senai Property and part of the Kulai Property is leased to a subsidiary of Ghim Li Group. MXM receives rental income on the Kulai Property and does not pay rent on the Senai Property.

MXM's business model is not dependent on ownership of either property. For the purposes of our valuation of MXM we have treated the Senai Property and the Kulai Property, and the debt directly associated with these properties, as surplus assets and surplus liabilities, respectively, of MXM.

In order to treat the properties in this way, we have normalised MXM's forecast cash flows to:

- exclude rental income forecast to be received in respect of the Kulai Property; and
- include notional rent expense in respect of the Senai Property.

These normalisation adjustments are discussed further in Section 11.3.5.

11. Valuation of MXM

11.1 Overview

We have assessed the fair market value of MXM using the discounted cash flow method, with a valuation cross-check based on the capitalisation of earnings method, on a controlling interest, non-marketable basis, reflecting that GLG proposes to acquire 100% of MXM which is an unlisted private company.

11.2 DCF valuation summary

We have determined the fair market equity value of MXM, on a controlling interest, non-marketable basis, to be in the range of US$19.6 million to US$22.2 million. The following table summarises our assessed enterprise and equity value ranges for MXM.

Table 17 – Enterprise and equity valuation of MXM

US$000	Ref	Low Range	High Range	Mid-point
Enterprise value		**24,715**	**28,176**	**26,446**
Add: Interest-bearing deposits	11.4.3	360	360	360
Less: Interest-bearing debt	11.4.3	(13,832)	(13,832)	(13,832)
Equity Value (before surplus assets and liabilities)		**11,243**	**14,703**	**12,973**
Marketability discount	11.4.4	25%	25%	25%
Equity value (controlling, non-marketable interest)		**8,432**	**11,028**	**9,730**
Add: Surplus assets				
Senai Property - At Valuation	11.4.5	9,689	9,689	9,689
Kulai Property - At Valuation	11.4.5	5,354	5,354	5,354
Less: Surplus liabilities				
Senai Property Bank Debt	11.4.5	(2,822)	(2,822)	(2,822)
Kulai Property Bank Debt	11.4.5	(1,012)	(1,012)	(1,012)
Equity value (after surplus assets and liabilities)		**19,641**	**22,237**	**20,939**

Source: William Buck's assessment

An explanation of each component of the valuation set out in the table above is provided in the sections that follow.

11.3 MXM Forecasts

MXM Management has prepared detailed annual forecasts for the period from 1 July 2016 to 30 June 2019 and then high level forecasts for the year ending 30 June 2020 (the "**MXM Forecasts**").

The MXM Forecasts comprise detailed annual profit and loss, balance sheet and cash flow forecasts from 1 July 2016 to 30 June 2019 (FY17 – FY19) and then high level forecasts for the year ending 30 June 2020 (FY20).

We discussed the assumptions underpinning the MXM Forecasts with MXM Management and considered the risks associated with achieving the MXM Forecasts in light of historical trading and the plans for the business. We reviewed the MXM Forecasts to ensure they provide reasonable basis for use in our DCF valuation..

The key assumptions of the MXM Forecasts are discussed further below.

11.3.1 Revenue

The key revenue drivers for MXM are:

— Production capacity and sales volume; and

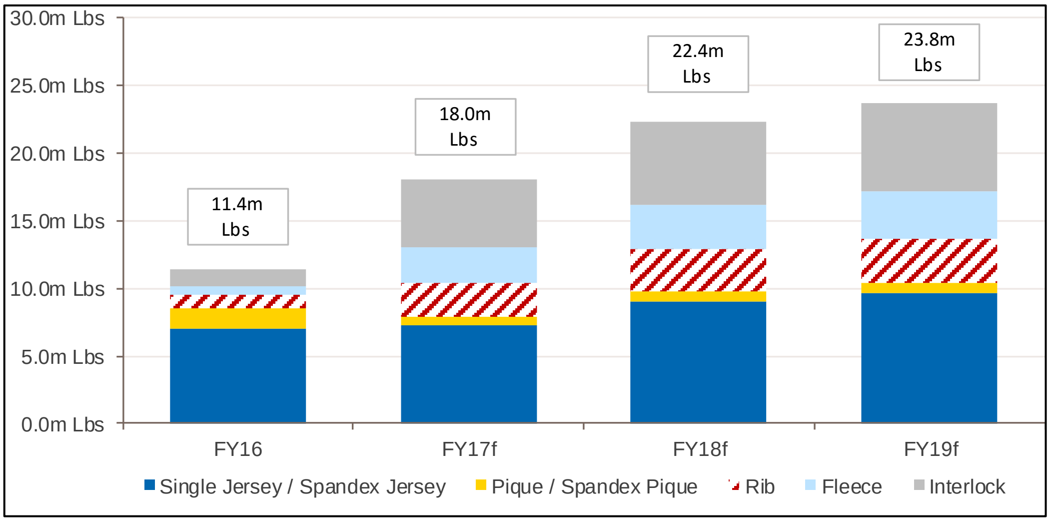
— Price per pound ("**Lb**");

The MXM Forecasts broadly assume that fabric produced in end year will be sold in that year. The MXM Forecasts implicitly assume that demand for MXM fabric from GLIT and from GLG Vietnam (from September / October 2016) will exceed MXM's production capacity. As noted in Section 8.2.1, MXM currently fulfills around 40% of GLIT's fabric requirements and the additional dyeing / printing capability will allow MXM to fulfill up to 70% of GLIT's fabric requirements. In addition, GLG Vietnam garment manufacturing operations commence September / October 2016 and will result in GLG's in fabric requirements within the Ghim Li Group increasing by a further 20%.

Forecast fabric production and price per pound are discussed further below.

Fabric volumes

Figure 5 – MXM: Forecast fabric production



Source: MXM Forecasts and informaton provided by MXM Management

The MXM Forecasts assume significant increases in fabric production volumes and sales in FY17 and FY18.

As discussed in Section 8.2.1, during the period from FY14 to FY16, MXM invested approximately US$9.6 million in fabric dying and printing capacity. MXM began to bring this capacity online gradually during FY16 and MXM Management has estimated that at present, 30% to 40% of MXM's dying capacity is being utilised.

MXM's forecast increases in fabric volumes is driven by the following factors:

— The full-year effect of fabric dying capacity that has been brought online through the course of FY16. The MXM Forecasts assume that fabric dying capacity utilisation achieved by the business at the end of FY16 will be at least maintained throughout FY17;

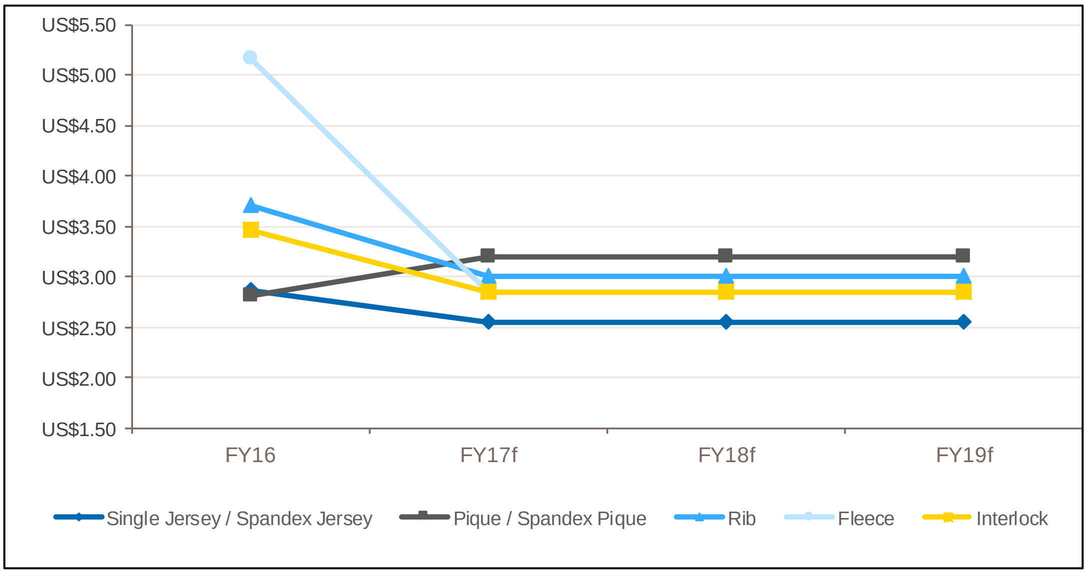
— The MXM Forecasts assume investment in a water recycling plant in FY17 (US$0.8 million). Water availability is currently the key constraint for MXM's fabric dying operations. MXM's utilisation of dying capacity is forecast to increase significantly following commissioning of the water recycling plant. The MXM Forecasts assume 47% fabric dying capacity utilisation in FY17, increasing to 72% capacity utilisation in FY18; and

— The MXM Forecasts assume purchase of 43 new knitting machines in FY18 (US$1.3 million investment). This capacity is forecast to be brought online during FY18 and FY19.

In addition to inhouse fabric production capacity, MXM will continue to make use of sub-contractors to meet peaks in volume demand. The MXM Forecasts assume 4.8 million Lbs of sub-contracted fabric in FY17, falling to 2.2 million Lbs in FY18 and 2.4 million in FY19.

Price per pound

Figure 6 – MXM: Forecast fabric price per pound



Source: MXM Forecasts and informaton provided by MXM Management

The MXM Forecasts assume a reduction in price per pound in FY17, FY18 and FY19, from the prices achieved by the business in FY16, for all fabric types other than Pique.

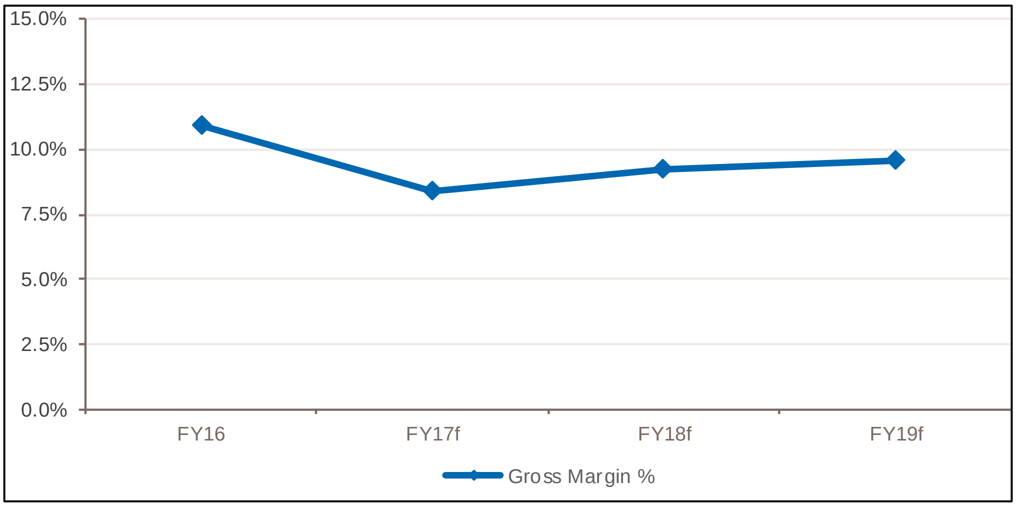
The general decrease in price per pound reflects MXM Management's expectation of price pressure from customers at the GLG / GLIT levels that will flow down to MXM.

The forecast increase in Pique price per pound does not have a material effect on forecast revenues due to the low forecast Pique sales volumes, but reflects sale of dyed and or printed Pique, rather than undyed fabric.

11.3.2 Margins

The MXM forecasts assume a decrease in gross margin percentage in FY17, followed by small increases in FY18 and FY19.

Figure 7 – MXM: Forecast gross profit margins



Source: MXM Forecasts and informaton provided by MXM Management

MXM enjoyed favourable yarn pricing in FY16. MXM Management expects increases in yarn prices in FY17 due to increased demand for yarn, particularly from Chinese fabric and garment manufacturers. In addition to this, as discusssed above, the MXM Forecasts assume an overall decrease in price per pound of fabric sold. These factors result in a decrease in MXM's gross margin percentage in FY17 to 8.3% from 10.9% achieved by the business in FY16.

The MXM Forecasts assume increases in gross margin percentage in FY18 and FY19 to 9.2% and 9.6%,respectively, primarily due to increased contribution to fixed production costs resulting from the forecast increase in revenue and fabric volumes.

11.3.3 Capital expenditure

The MXM Forecasts assume the following capital expenditure.

Table 18: MXM forecast capital expenditure

Capital expenditure	FY17 (US$m)	FY18 (US$m)
Knitting machines: 38 Unitex & 5 Fukuhara machines	-	1.3
Water recycling system	0.8	-
Dyeing hardware	0.6	-
Building and renovations	0.4	-
Other	0.1	-
Total	**1.9**	**1.3**

Source: MXM Forecasts

As previously discussed, MXM's forecast knitting capacity and water recycling plant capital expenditure are key to the business achieveing forecast increases in fabric production volume and sales.

11.3.4 Other key assumptions

We note the following regarding other key MXM Forecasts assumptions:

- Selling and distribution costs are forecast to increase as a percentage of revenue from 1.15% in FY16 to 1.7% in each year of the MXM Forecasts;
- The MXM Forecasts assume an increase in general and administrative costs from approximately US$1.1 million in FY16 (excluding non-recurring provision for Malaysian customs duties of US$1.1 million) to FY17: US$1.5 million, FY18: US$1.6 million, and FY19: US$1.7 million. The forecast increase in general and administrative expenses reflects increased depreciation on new dyeing and printing equipment and general increases reflecting forecast increase in trading volumes;
- No corporate tax is assumed in the MXM Forecasts on the basis that MXM has carry forward tax losses to absorb tax on its profits in the short term. We have normalised forecast cash flows for estimated Malaysian corporate tax. Please refer comments below in Section 11.3.5;
- The MXM Forecasts assume working capital requirements in line with the historical experience of the business: (i) trade debtors will be collected in approximately 45 days, (ii) MXM will carry inventory equivalent to approximately 2.5 months' cost of sales, and (iii) trade creditors will be paid in arpproximately 30 days.

11.3.5 Normalisation adjustments

In calculating forecast cash flows for use in our DCF valuation of MXM we have made the following normalisation adjustments to MXM's forecast income statements.

Table 19: MXM Forecasts normalisation adjustments

Description	Adjustments	Purpose
Elimination of rental income on Kulai Property	Decrease forecast EBITDA by US$256 thousand each year of MXM Forecasts	As discussed in Section 10.3.5, Kulai Property has been valued as a surplus asset hence rental income not required in forecast income statements
Recognition of notional rental income on Senai Property	Decrease forecast EBITDA by US$784 thousand each year of MXM Forecasts	As discussed in Section 10.3.5, Senai Property has been valued as a surplus asset hence it is necessary to recognise notional rent expense in forecast income statements[1]
Add back forecast foreign exchange losses included in MXM Forecasts	Add back the following forecast foreign exchange losses: FY17: US$80 thousand FY18 – FY20: US$100 thousand	The MXM Forecasts include forecast foreign exchange losses as a general estimate by MXM Management based on historical experience. Foreign exchange gains and losses are non-recurring and do not need to be included in the MXM Forecasts.

Provision for Malaysian corporate tax	Cash flows used in our DCF valuation assume 24% corporate tax on forecast MXM profit before interest and tax	The MXM Forecasts do not assume corporate tax on the basis that MXM has carry forward tax losses it will be able to absorb in the short term. For prudence, we have assumed corporate tax of 24% of EBIT in each of the years included in the MXM Forecasts based on Malaysian corporate tax rates.

Note 1: Notional rent based on Senai Property Valuation Report and MXM Management estimations

11.4 Key DCF valuation assumptions

11.4.1 Weighted average cost of capital

As noted in Section 10.3.2, the discount rate to be used in determining the value of a business or company is that rate of return which an investor could expect to obtain by investing in other investments with comparable risk. This return, known as the WACC, is calculated by weighting the required returns on ordinary equity capital and on interest-bearing debt in proportion to their estimated percentages based on the expected capital structure. Calculation of a WACC range applicable to MXM is set out below.

Table 20 – Calculation of MXM WACC

	Note	Low WACC	High WACC
Risk-free rate	*Note 1*	3.8%	3.8%
Equity beta	*Note 2*	0.47	0.47
Equity market risk premium	*Note 3*	8.1%	9.2%
Cost of equity (before adjustments)		**7.5%**	**8.1%**
Entity specfic size premium	*Note 4*	2.0%	2.5%
Execution risk - forecasts	*Note 5*	1.0%	1.5%
Customer concentration risk	*Note 6*	10.0%	11.0%
Cost of equity (after adjustments)		**20.5%**	**23.1%**
Pre-tax cost of debt	*Note 7*	5.5%	5.5%
Tax rate	*Note 8*	24%	24%
Post-tax cost of debt		**4.2%**	**4.2%**
Proportion of equity	*Note 9*	60%	60%
Proportion of debt	*Note 10*	40%	40%
Weighted average cost of capital		**14.0%**	**15.5%**

Source: William Buck's assessment

Notes:

1 *Our adopted risk free rate reflects the June 2016 yield on 10 Year Malaysian Government bonds.*

2 *Equity beta based on analysis of listed comparable companies included at Appendix D.*

3 *Equity market risk premium for Malaysia has been estimated by reference to credit default spreads on Malaysian Government bonds in addition to a mature market equity risk premium of 6.25%.*

4 *The comparable companies set out in Appendix D are, for the most part, of larger scale than MXM, giving rise to the need for a small company size premium.*

5 *The MXM Forecasts assume an increase in revenue and EBITDA in comparison with the levels achieved by the business in FY16. In addition, the MXM Forecasts assume increases in fabric production and dyeing capacity utilisation.*

6 *Presently, MXM's only customer is GLIT. However, from September / October 2016, MXM will supply fabric to both GLG directly and to GLIT. The customer concentration risk we have adopted results in a reduction in MXM equity*

value before surplus assets and liabilities in the range of 66% to 70%. It is our view that this level of equity value reduction is appropriate in the circumstances on a fair market value basis given the customer concentration risk.

7 *Pre-tax cost of debt is based on the current third party borrowing terms enjoyed by MXM.*

8 *Malaysian corporate tax rate.*

9 *Target debt to ratio based on analysis of comparable listed companies. Refer to Appendix D.*

Based on our calculations, we have adopted a post-tax WACC applicable to MXM in the range of 14.0% to 15.5%.

11.4.2 Terminal value

As noted in Section 10.3.3, it is general valuation practice to take into account a terminal value when applying a DCF methodology to the valuation of an asset or entity that is expected to have earnings indefinitely into the foreseeable future. The terminal value of an asset at the end of a cash flow forecast period represents the value of the asset at that time, which, in turn reflects the net present value of the cash flows accruing beyond that period.

There are a number of methods available for use in determining the terminal value. These methods include:

- determining the likely exit earnings yield and capitalising expected earnings for the year following the end of the forecast period at that exit earnings yield. This method results in a hybrid of cash flows and earnings and produces a situation where the value of the business can be manipulated by lengthening or shortening the time horizon;
- assessing the economic life of the entity and also making assumptions about the rate and variability of growth. This approach is difficult to apply in practice because of the number of unknowns involved and the sensitivity of the valuation result to the assumptions made; and
- assuming a constant growth in net cash flows. This method may represent the best compromise, and has the advantage of being consistent with the present value techniques used up to the end of the forecast period because the same discount rate can be used.

We consider that the third option (i.e. assuming a constant growth in net cash flows) is the best method by which to determine the terminal value of MXM at 2020, being the final year of the MXM Forecasts.

In order to calculate the terminal value, we have applied the constant growth perpetuity formula, i.e. estimated cash flows in 2020 divided by the difference between the discount rate (refer to Section 11.4.1) and the growth rate (we have assumed a growth rate beyond 2020 of 1% per annum).

11.4.3 Adjustments for net debt

In order to determine the equity value of MXM, we have

- added interest-bearing deposits held by MXM at 31 March 2016 of approximately US$360 thousand to the derived enterprise value. Interest-bearing deposits comprised cash at bank; and
- subtracted interest bearing debt of US$13.9 million as at 31 March 2016 from the derived enterprise value, being MXM interest bearing debt as at 31 March 2016 not directly related to either the Kulai Property or the Senai Property. Kulai Property and Senai Property interest bearing debt has been treated as surplus liabilities, in line with treatment of the Kulai Property and the Senai Property as surplus assets.

11.4.4 Marketability discount

Private companies suffer from a lack of marketability, in comparison with comparable listed entities, because of the absence of a ready private placement market. It is generally costlier and more time consuming for investors to liquidate holdings in private companies compared with shares in listed entities.

According to Shannon P. Pratt's publication "Discounts and Premiums", the size of the discount is often a function of the size of the subject company in terms of market value, revenues and assets. In the FMV Restricted Stock Study, companies in the wholesale trade sector demonstrated an average marketability discount of 25.1% with total assets of US$19.4 million. Companies with less than $10 million in total assets had an average discount of 31.5% and a median discount of 30%.

We are of the opinion that the issued shares of MXM are not easily exchangeable and have low liquidity. As an investment in such an asset is inherently riskier than an investment in a comparable listed company, a premium for lack of marketability is required in relation to the value of equity to reflect the increase in risk.

Based on generally accepted valuation practice, we believe that in valuing the issued shares of MXM a marketability discount in the order of 25% is appropriate to reflect the lack of marketability and liquidity associated with holding shares in a private company in comparison to the listed companies.

11.4.5 Surplus assets and liabilities

As discussed in Section 10.3.5, for the purpose of determining the fair market value of MXM equity, we have treated the Kulai Property and the Senai Property and associated third party interest bearing debt as surplus assets and surplus liabilities, respectively, of the business.

We have relied on the Senai Property Valuation Report (Appendix F) and the Kulai Property Valuation Report (Appendix G) and have adopted the findings of these reports in our valuation workings.

The Senai Property Valuation Report concludes a market fair of the Senai Property of RM38,000,000 which converts to US$9,688,934 at the 31 March 2016 exchange rate of USD:MYR3.922. Interest bearing debt in relation to the Senai Property as at 31 March 2016 was US$2.8 million.

The Kulai Property Valuation Report concludes a market fair of the Kulai Property of RM21,000,000 which converts to US$5,354,411 at the 31 March 2016 exchange rate of USD:MYR3.922. Interest bearing debt in relation to the Senai Property as at 31 March 2016 was US$1.0 million.

11.5 Valuation cross-check - Capitalisation of earnings

As a cross-check to our determination of MXM's Enterprise Value using the DCF method, as set out in Section 11.2, we have calculated the implied Enterprise Value to EBITDA multiple ("**EBITDA Multiple**") for MXM and have compared that to the EBITDA Multiples reported in recent comparable transactions.

Appendix E sets out a list of recent transactions throughout South East Asia involving as the target of the transaction textile milling entities with businesses comparable to that of MXM. Our screening identified relevant transactions occurring in the last 10 years in the textile mills or textiles mill products industries.

EBITDA Multiples for the 17 comparable transactions that we have identified ranged from 2.2x to 13.9x and showed average and median EBITDA Multiples of 8.7x and 8.8x, respectively. We note that only a small number of identified transactions were for controlling interests in the target company and so the average and median control multiples relevant to this group of transactions is likely to be higher than noted above.

Based on normalised forecast FY17 EBITDA, our DCF valuation of MXM implies an EBITDA Multiple in the range of 6.3x to 7.1x. We note that, as discussed in Section 11.3.5, MXM's normalised forecast EBITDA excludes rental income on the Kulai Property of approximately US$256 thousand per annum and includes notional rent on the Senai Property of approximately US$784 thousand per annum. Prior to these adjustments, MXM's implied EBITDA Multiple would be in the range of 5.0x to 5.6x.

Based on the average and median EBITDA Multiples shown by recent comparable transaction, we are of the view that the EBITDA Multiple implied by our DCF valuation of MXM does not appear unreasonable.

11.6 MXM Valuation Conclusion

Based on the foregoing discussion, we have determined the fair market equity value of MXM, on a controlling interest, non-marketable basis, to be in the range of US$19.6 million to US$22.2 million, including its core operating business, the Senai Property and the Kulai Property.

12. Valuation of MXS

12.1 Background

As discussed in Section 10.2, valuation of MXS is based on its net assets (or liabilities) because it is currently not an operating entity.

MXS is currently a dormant company with minimal trading activity and reported net liabilities at 31 March 2016 of US$3.4 million, primarily reflecting loans payable to GLG.

Nexia's audit report in MXS's 30 June 2015 accounts notes that the financial statements of MXS were prepared on a going concern basis as Ghim Li Group had undertaken to provide continuing financial support for the next twelve months to enable MXS to meet its obligations as and when they fall due.

MXS has unutilised tax losses of S$8,438,686, brought forward brought forward from the years ended 30 June 2008 through to 30 June 2012 which may be available to be carried forward for deduction against future assessable income without the need to submit application for waiver from shareholding tests under Singaporean tax law. Per the terms of the SPA, GLG has agreed to pay US$1.0 million for these unutilised tax losses.

12.2 MXS Valuation

Ordinarily, based on the financial position of MXS as at 31 March 2015, we would conclude that from a fair market value perspective the issued shares in MXS are worthless as the company has no operating business and net liabilities of US$3.4 million. We would also not attribute any value to MXS's unutilised tax losses on the basis MXS does not demonstrate prospects of generating future profitability with which to absorb its carry forward tax losses.

However, for the purposes of opining on the fairness of the Proposed Transaction, we view it as important to consider that prior to the Proposed Transaction, GLG possesses an asset being a US$3.4 million loan receivable from MXS. Recoverability of the loan is supported by the financial support given to MXS by Ghim Li Group as noted in MXS's 30 June 2015 accounts. Subsequent to the Proposed Transaction, GLG's loan receivable and MXS's loan payable would eliminate on consolidation, effectively resulting in a US$3.4 million reduction in GLG's net assets.

We do not normally attribute value to unutilised tax losses on a fair market value basis as it can be difficult for the "market" generally to make use of carry forward tax losses due to tax rules around loss utilisation. Per the terms of the SPA, GLG has agreed to pay US$1.0 million for MXS's tax losses based on advice that these losses will be available to the GLG group in the future. However, timing regarding GLG's utilisation of MXS's unutilised tax losses is unknown at this point in time.

On that basis, for the purposes of opining on the fairness of the Proposed Transaction, we have concluded that the acquisition of MXS results in a reduction in value for GLG of US$3.4 million. We have not attributed value to MXS's unutilised tax losses despite GLG's agreement to pay for them due to uncertainty regarding the timing and extent to which GLG will be able to make use of these tax losses.

13. Qualifications and independence

13.1 Qualifications

William Buck has extensive experience in the provision of corporate finance advice including with respect to mergers and acquisitions.

William Buck is an authorised representative of William Buck Wealth Advisors (NSW) Pty Ltd which holds an Australian Financial Services Licence issued by ASIC for giving expert reports pursuant to the Listing Rules of the ASX and the Act.

Mr Daniel Coote of William Buck were responsible for the preparation of this Report.

Mr Daniel Coote is a Director of William Buck, is a Chartered Accountant, and holds Bachelor of Commerce and Master of Applied Finance degrees from Macquarie University. Mr Coote has over 15 years' experience in Chartered Accounting and regularly advises clients on corporate transactions and is experienced in the provision of valuations of shares and businesses for a variety of applications. Accordingly, Mr Coote has the appropriate experience and professional qualifications to provide the advice offered.

13.2 Independence and Declarations

William Buck is not aware of any matter or circumstance that would preclude it from preparing this report on the grounds of independence either under regulatory or professional requirements. In particular, we have had regard to the provisions of applicable pronouncements and other guidance statements relating to professional independence issued by Australian professional accounting bodies and ASIC.

William Buck considers itself to be independent in terms of RG 112: Independence of Experts, issued by ASIC.

William Buck, nor any of its related entities, has not acted for GLG with regard to any other matter in the past and we are not aware of any matters or relationship that could be regarded as capable of affecting our ability to provide an unbiased opinion in relation to the Proposed Transaction.

William Buck is entitled to receive a fee for the preparation of this Report of approximately $40,000 plus GST and disbursements. This fee is not contingent on the outcome of the Proposed Transaction. Except for this fee, William Buck has not received and will not receive any pecuniary or other benefit, whether direct or indirect, for or in connection with the preparation of this Report and accordingly, does not have any pecuniary or other interests that could reasonably be regarded as being capable of affecting its ability to give an unbiased opinion in relation to the Proposed Transaction.

Two drafts of this Report were provided to the Directors of GLG for review of factual accuracy, as opposed to opinions, which are the responsibility of William Buck alone. Certain changes were made to the report as a result of the circulation of the draft report. However, no changes were made to the methodology, conclusions or recommendations made to the Non - Associated Shareholders as a result of issuing the draft reports.

The statements contained in this Report are given in good faith and have been derived from information believed to be reliable and accurate. We have examined this information and have no reason to believe that any material factors have been withheld from us.

14. Appendices

14.1 Appendix A – Sources of Information

a) GLG ASX announcement in relation to Proposed Transaction;

b) Notice of Extraordinary General Meeting and Explanatory Memorandum including resolutions relating to the Proposed Transaction;

c) Sale and Purchase Agreement between GLG Corp Limited and Ghim Li Group Pte Ltd;

d) Copy of GLG share register as at 31 December 2015;

e) Discussions and correspondence with management of GLG and G&G;

f) GLG Annual Reports for 2014, 2015 and Half Year Report for 2016;

g) www.asx.com.au for historical GLG ASX announcements;

h) Audited MXS accounts for the years ended 30 June 2014 and 30 June 2015;

i) Unaudited MXS accounts for the nine months ended 31 March 2016;

j) Audited MXM accounts for the years ended 30 June 2014 and 30 June 2015;

k) Unaudited MXM accounts for the twelve months ended 30 June 2016;

l) MXM forecasts for the period from 1 July 2016 to 30 June 2020;

m) Financial data available from Standard & Poors Capital IQ database;

n) Nexia TS Pte Ltd report on MXS unutilised tax losses;

o) Senai Property Valuation Report prepared by One Asia Property Consultants (KL) Sdn Bhd; and

p) Kulai Property Valuation Report prepared by KGV International Property Consultants (Johor) Sdn Bhd.

14.2 Appendix B – Abbreviations and Definitions

Term	Definition
6M16	The six months ended 31 December 2015
9M16	The nine months ended 31 March 2016
Act	Corporations Act 2001
Actual FY16 NPAT	MXM's actual audited FY16 NPAT
ASIC	Australian Securities and Investments Commission
ASX	Australian Securities Exchange
CAPM	Capital asset pricing model
Company or GLG	GLG Corp Limited
Completion Consideration	Consideration at completion of the transaction
Consideration	Total consideration for the Proposed Transaction
DCF	Discounted cash flow
Directors	The Directors of GLG
Explanatory Memorandum	The Explanatory Memorandum included in GLG's 2016 Notice of Extraordinary General Meeting and Explanatory Memorandum
FYxx	Financial year ended 30 June 20xx
G&G	G&G International Pte Ltd
G&G Group	G&G and its associated subsidiaries
Ghim Li Group	Ghim Li Group Pte Ltd
GLIT	GLIT Holdings Pte Ltd
KGV International	KGV International Property Consultants (Johor) Sdn Bhd
Kulai Property	Industrial property owned by MXM, located in Kulai, Malaysia
Kulai Property Valuation	An independent valuation of the Kulai Property prepared by KGV International
Listing Rules	ASX Listing Rules
MXM	Maxim Textile Technology Sdn Bhd
MXM Forecasts	MXM's forecasts for the period from 1 July 2016 to 30 June 2020
MXS	Maxim Textile Technology Pte Ltd
Nexia	Nexia TS Pte Ltd
Non-Associated Shareholders	The non-associated shareholders are those shareholders in GLG whose votes are not to be disregarded in voting on the resolutions relating to the Proposed Transaction
NPAT	Net Profit After Tax
One Asia	One Asia Property Consultants (KL) Sdn Bhd
PCPI	Post-Completion Performance Incentives
Post-Completion Performance Incentive	Performance incentives post completion
Proposed Transaction	Proposed acquisition by GLG Corp Limited of G&G International Pte Ltd
Report	This Independent Expert's Report, dated 25 August 2016
Senai Property	MXM's premises at Senai, Malaysia
Senai Property Valuation	An independent valuation of the Senai Property prepared by One Asia
Shareholders	Shareholders of GLG
SPA	Share Purchase Agreement between GLG Corp Limited and Ghim Li Group Pte Ltd
TPP	The Trans-Pacific Partnership
US$	United States dollars
WACC	Weighted Average Cost of Capital
William Buck , we, us, our	William Buck Corporate Advisory Services (NSW) Pty Ltd ACN 133 845 637

14.3 Appendix C – Valuation Methodologies for Businesses and Shares

Discounted Cash Flow ("DCF") Method

The DCF approach is a technically superior methodology since it allows for fluctuations in future performance to be recognised. This methodology derives the enterprise value of an entity by discounting its expected future cash flows.

In applying the DCF valuation methodology consideration must be given to the following factors:

— The estimated future cash flows of the business for a reasonable period including an assessment of the underlying assumptions;

— An estimate of the terminal value of the business at the end of the forecast period; and

— The assessment of an appropriate discount rate that quantifies the risk inherent in the business and reflects the expected return which investors can obtain from investments having equivalent risks.

Capitalisation of Estimated FME

The capitalisation of estimated FME method is useful as a primary valuation technique where the DCF methodology cannot be used. This method derives the enterprise value of the entity and requires consideration of the following factors:

— Selection of an appropriate level of estimated FME, having regard to historical and forecast operating results and adjusting for non-recurring or non-business items of income and expenditure in addition to any known factors likely to affect the future operating performance of the business;

— Profits arising from assets which are surplus to the operations of the sustainable business are eliminated and the assets, net of any liabilities relating thereto, treated incrementally; and

— Determination of an appropriate capitalisation multiple having regard to the market rating of comparable companies or businesses, the extent and nature of competition in the industry, quality of earnings, future growth opportunities, asset backing and relative investment risk.

Net Asset Backing Approach

Asset based valuations involve the determination of the fair market value of a business based on the net realisable value of the assets used in the business.

Valuation of net realisable assets involves:

— Separating the business or entity into components which can be readily sold, such as individual business units or collection of individual items of plant and equipment and other net assets; and

— Ascribing a value to each based on the net amount that could be obtained for this asset if sold.

The net realisable value of the assets can be determined on the basis of:

— Orderly realisation: this method estimates fair market value by determining the net assets of the underlying business including an allowance for the reasonable costs of carrying out the sale of assets, taxation charges and the time value of money, assuming the business is wound up in an orderly manner. This is not a valuation on the basis of a forced sale where the assets might be sold at values materially different from their fair market value;

- Liquidation: this is a valuation on the basis of a forced sale where the assets might be sold at values materially different from their fair market value; or
- Going concern: the net assets on a going concern basis estimates the market value of the net assets but does not take into account any realisation costs. This method is often considered appropriate for the valuation of an investment or property holding company. Adjustments may need to be made to the book value of assets and liabilities to reflect their going concern value.

The net asset backing value of a trading company's assets will generally provide the lowest possible value for the business. The difference between the value of the company's identifiable net assets (including identifiable intangibles) and the value obtained by capitalising earnings is attributable to goodwill.

The application of the net asset backing methodology is appropriate where a company:

- Is not trading, or
- Is making sustained losses or profits but at a level less than the required rate of return, or
- Is close to liquidation, or
- Is a holding company, or
- Holds assets which are liquid.

It is also relevant to businesses which are being segmented and divested and to value assets that are surplus to the core operating business. The net realisable assets methodology is also used as a check for the value derived using other methods.

These approaches ignore the possibility that the company's value could exceed the realisable value of its assets.

Share Market Trading History

The application of the price that a company's shares trade on an organised exchange is an appropriate basis for valuation where:

- The shares trade in an efficient market place where 'willing' buyers and sellers readily trade the company's shares, and
- The market for the company's shares is active and liquid.

In such circumstances, the prices at which shares have traded are regarded as reflective of the elements included in the definition of "fair market value".

Recent Share Subscription Prices

The price at which unrelated parties have recently subscribed for shares in a company can be an appropriate methodology to apply in valuing the issued equity in the company, if those prices were paid in freely negotiated transactions in an open and unrestricted market between knowledgeable, willing, but not anxious, parties acting at arm's length.

In applying this methodology it is relevant to consider the following factors:

- The timing of any shares issues;
- Any pre-existing relationship (if any) between the subscribers to the shares and the company;

- The level of knowledge that the parties subscribing to the shares could reasonably be assumed to possess; and
- The extent of any material changes in circumstances that have occurred between the date on which the shares were issued and the valuation date.

Capitalisation of Estimated Future Maintainable Dividends

The mechanics of the capitalisation of estimated future maintainable dividends valuation method is similar to that of the capitalisation of estimated future maintainable earnings method. The methodology is most commonly applied to minority holdings in private companies and unlisted public companies. It requires the estimation of future maintainable earnings, the likely distribution of such earnings as dividends and the application of an appropriate dividend yield or discount rate.

The capitalisation of estimated future maintainable dividends methodology is generally applicable only where the equity interest subject to valuation has no effective control in the determination of dividend policy.

14.4 Appendix D – MXM: Comparable listed entities

Company Name	Ticker	Business Description	Implied Enterprise Value / EBITDA (x)	5 Year Equity Beta	Debt (A$m)	Market Cap (A$m)	Debt to Value Ratio	Company Location
Sunson Textile Manufacturer tbk PT	JKSE:SSTM	PT. Sunson Textile Manufacturer Tbk operates in the textile industry in Indonesia. It offers spinning and weaving products. The company was founded in 1972 and is headquartered in Bandung, Indonesia.	17.7x	0.47	27.95	22.99	55%	Indonesia
Thai Toray Textile Mills Public Company Limited	SET:TTTM	Thai Toray Textile Mills Public Company Limited manufactures and distributes textiles in Thailand. The company operates through two segments, Woven Fabric and Knitted Fabric; and Car Seat Fabric. It offers polyester and rayon woven fabrics for trousers, uniforms, suits, etc.; polyester and tetron/rayon knitted fabrics for use in sportswear; polyester automotive seat fabrics; and polyester viscose fabrics. The company also exports its products.	2.7x	0.15	-	26.01	0%	Thailand
Textile Prestige Public Company Limited	SET:TPCORP	Textile Prestige Public Company Limited, together with its subsidiaries, manufactures and sells textiles in Thailand. The company is involved in manufacturing embroidery; knitting and weaving yarns; non-woven clothes and dyeing activities; sale of accessories for ready-made garments; and hire work. The company also offers embroidery lace fabrics, elastic tapes, fabric sheets, threads, tapes, braided fabrics, and torchon laces. In addition, it engages in the manufacturing of compound fragment for garment, car interior decoration, and medical equipment; and bleaching and dyeing of fabrics and yarns. Further, the company offers materials for lingerie and outerwear, as well as for push-ups and shoulder pads; bedding sets and children products; and automotive products. Additionally, it provides high tenacity belts for the boat sail industry; hose reinforce fabrics; automotive assemblers; condensation systems; and disposable face masks and back support belts.	2.1x	0.09	-	73.78	0%	Thailand
Pangrim Co., Ltd.	KOSE:A003610	Pangrim Co., Ltd. primarily manufactures and sells dyed and cotton textiles for clothing companies in South Korea and Vietnam. The company is involved in in spinning, weaving, dyeing, printing, and processing textiles. It produces a range of products, such as cotton, linen, rayon, poly nosic, tensel, polyester, nylon, and elastic woven fabrics; and cotton, modal, tencl, carbyon, and coolmax yarns.	5.3x	0.58	52.07	113.52	31%	South Korea
Union Textile Industries Public Company Limited	SET:UT	Union Textile Industries Public Company Limited manufactures and distributes textiles in Thailand, the United Kingdom, Italy, and internationally. The company is headquartered in Bangkok, Thailand.	8.0x	(0.01)	-	22.30	0%	Thailand
Zhejiang Yonglong Enterprises Co. Ltd.	SEHK:8211	Zhejiang Yonglong Enterprises Co., Ltd. manufactures and sells woven fabrics in China. It offers cotton, polyester, spander, fashion, and T/R fabrics. The company also provides subcontracting services. It exports its products to the United States, Europe, Japan, South Africa, Hong Kong, and Arabic countries.	30.9x	(1.01)	47.46	83.72	36%	Hong Kong
Thai Textile Industry Public Company Limited	SET:TTI	Thai Textile Industry Public Company Limited engages in manufacturing, spinning, and distributing yarns, apparels, and fabrics in Thailand. The company is headquartered in Samutprakarn, Thailand.	8.8x	(0.19)	74.69	50.21	60%	Thailand
Lan Fa Textile Co., Ltd.	TSEC:1459	Lan Fa Textile Co., Ltd. manufactures and sells polyester processing silk. It offers semigloss yarns, non-gloss yarns, and gloss yarns. The company also offers superfine fibers as well as compounded fibers comprising CD series, contracted yarns, and fat-thin yarns. In addition, it offers functional fibers, including hygroscopic and perspiration yarns that are used for sport and golf suits, female underwear and bras, shirt jackets, hats, socks, gloves, kneecaps, waist shields, knitting, and plain weaving; hollow warm-keep yarns used for winter clothes, feather coats, and sport suits; anti-ultraviolet yarns that are used for anti-ultraviolet textile fabrics; and flammable yarns used for indoor home-bunting and decoration materials for cars.	10.6x	0.65	137.47	112.12	55%	Taiwan
Universal Textile Co. Ltd.	TSEC:1445	Universal Textile Co., Ltd. manufactures and sells fabrics in Taiwan. It offers polyester filament woven and T/R interweaving fabrics for men and ladies; polyester textured yarns; complex textured yarns; special cross-section polyester filament yarns; and recycled PET. The company was founded in 1969 and is headquartered in Taipei, Taiwan.	7.1x	0.49	-	56.00	0%	Taiwan
Tung Ho Textile Co., Ltd.	TSEC:1414	Tung Ho Textile Co., Ltd. develops, manufactures, and sells textile materials in Taiwan. It offers general and functional fiber products. The company was founded in 1959 and is based in Taipei City, Taiwan.	28.2x	0.80	32.21	54.93	37%	Taiwan
Acelon Chemicals & Fiber Corporation	TSEC:1466	Acelon Chemicals & Fiber Corporation manufactures and sells various textile products in Taiwan. The company offers filament yarns, including nylon, polyester, dyed, nylon/polyester conjugate, cool, and dry yarns. Its products are used in various applications, such as swimming wear and other apparel, underwear, lining, ribbon, elastic tape, socks, umbrella, bags, suitcase, and fancy yarn. The company also provides functional fabrics for use in clothes and home upholstery, as well as for use as textile for shoes and transportation automotive textiles; and finished products, such as household and personal cleaning products.	24.8x	0.97	49.87	61.88	45%	Taiwan
Li Peng Enterprise Co. Ltd.	TSEC:1447	Li Peng Enterprise Co., Ltd. manufactures and sells various textile products in Asia. The company provides nylon chips, nylon filament yarns, nylon special functional yarns, and solution dyed yarns. It also offers various synthetic fabrics, such as fabrics for industrial purposes; flame retardant, blackout, and anti-bacterial home textiles; and fabrics for sportswear, fashion wear, uniforms, and work wear. In addition, it provides polymerization, spinning, weaving, dyeing, and post-finishing process services.	28.4x	0.89	384.27	259.11	60%	Taiwan

Company Name	Ticker	Business Description	Implied Enterprise Value / EBITDA (x)	5 Year Equity Beta	Debt (A$m)	Market Cap (A$m)	Debt to Value Ratio	Company Location
evertex fabrinology limited	TSEC:1470	Evertex Fabrinology Limited manufactures and sells fabrics in Taiwan and internationally. The company provides circular and warp knit fabrics, as well as tricot greiges. It also engages in dyeing and finishing circular knits, warp knits, and woven fabrics for suiting application. Evertex Fabrinology Limited was founded in 1988 and is headquartered in Taoyuan, Taiwan.	11.8x	0.42	-	71.51	0%	Taiwan
Wisher Industrial Co., Ltd.	TSEC:1465	Wisher Industrial Co., Ltd. manufactures and sells polyester woven fabrics, polyester textured fancy yarns, and knitted fabrics. The company's polyester woven fabrics include polyester plain, dobby, and fancy check suitings, as well as polyester hi-stretch, spandex, and retreatment fabrics. Its products are used in ladies' and men's suitings, sportswear, overcoats, uniforms and workwear, pants, shirts, and casuals, as well as in home and industrial textiles. The company was founded in 1972 and is headquartered in Taipei, Taiwan.	11.8x	0.54	-	60.48	0%	Taiwan
Kwong Fong Industries Corporation	TSEC:1416	Kwong Fong Industries Corporation operates as a textile company primarily in Taiwan. The company manufactures and trades various types of cotton yarn, blended yarn, towels, bed linen, cotton blankets, and woolen garments. It is also involved in processing valet, synthetic nylon, and multi telescopic products; multi weaving, dyeing, and finishing nylon; and import and export businesses. The company exports its textile products to the United States, Canada, Australia, the Middle East, Africa, Japan, Hong Kong, Singapore, etc.	44.0x	0.63	159.84	239.13	40%	Taiwan
Tex-Ray Industrial Co., Ltd.	TSEC:1467	Tex-Ray Industrial Co., Ltd. manufactures and retails yarns and fabrics. It also manufactures garment. The company was founded in 1978 and is based in Taipei City, Taiwan.	22.6x	0.35	123.27	114.87	52%	Taiwan
PRG Holdings Berhad	KLSE:PRG	PRG Holdings Berhad, an investment holding company, manufactures and sells rubber strips and narrow fabrics, upholstery webbings, covered elastic yarns, rigid webbings, safety webbings, and metal components for use in the furniture industry. Further, the company acts as a commission agent.	15.5x	(0.70)	24.10	53.97	31%	Malaysia
Nan Yang Dyeing & Finishing Co.,Ltd	TSEC:1410	Nan Yang Dyeing & Finishing Co. Ltd. engages in dyeing, printing, finishing, processing, and selling knitted fabrics. The company offers cotton, elastic, artificial cotton, nylon, and synthetic fabrics. It also provides finished clothes, such as cotton elastic, polyester elastic, modal cotton elastic, tencel elastic, PIMA cotton, calico, sandwich, organic cotton, nylon ATY elastic, and nylon elastic clothes.	4.1x	0.63	-	58.63	0%	Taiwan
PT Nusantara Inti Corpora Tbk	JKSE:UNIT	PT Nusantara Inti Corpora Tbk was incorporated in 1988 and operates as investment, industrial, and trading company in Indonesia. It is involved in the textile trading and yarn spinning businesses. The company was formerly known as PT United Capital Indonesia and changed its name to PT Nusantara Inti Corpora Tbk in January 2007.	7.0x	(0.06)	20.08	1.63	92%	Indonesia
Seong An co., Ltd	KOSE:A011300	Seong An Co., Ltd. manufactures, exports, and sells fabric related products worldwide. The company offers knits, such as single and double circular knit items; various polyester fabrics, including high twist, silky, spandex, sizing, and mélange fabrics; union cloths; flexible fabrics; and household use fabrics for sofas, curtains, cushions, and wallpapers. It also provides polyester filament and spun yarns under the Sofsil name; and breathable, mechanical, performance knit, and lightweight fabrics under the Starmax name.	15.5x	0.40	123.77	69.84	64%	South Korea
Singtex Industrial Co., Ltd.	GTSM:4433	Singtex Industrial Co., Ltd. manufactures fabrics primarily in Taiwan. The company was founded in 1989 is based in New Taipei City, Taiwan.	11.1x	(0.18)	7.08	40.39	15%	Taiwan
Mirae Joint Stock Company	HOSE:KMR	Mirae Joint Stock Company produces, processes, and trades in textile materials in Vietnam. It offers wool products, wool blankets, wool needles, and geotextile materials for clothing; and sleeping bags, blankets, bedspreads, pillows, and mattresses. The company also assembles machinery for wool, mattresses, quilting, springs, and machine embroidery.	9.4x	0.46	6.27	15.09	29%	Vietam
Sinotop Holdings Berhad	KLSE:SINOTOP	Sinotop Holdings Berhad, an investment holding company, manufactures and sells fabric products in the People's Republic of China. The company provides customized woven loom-state fabrics from cotton, synthetic, and mixed yarns; customized fabric products; and customized finished fabrics, such as water-resistant fabrics, oil-resistant fabrics, and stain-resistant fabrics and color treatment. It also sells its products in the United States, Mexico, Belgium, France, India, Hong Kong, Bangladesh, and Korea.	3.4x	0.79	-	35.39	0%	China
China Weaving Materials Holdings Limited	SEHK:3778	China Weaving Materials Holdings Limited, an investment holding company, engages in the manufacturing and trading of polyester yarns, polyester-cotton blended yarns, grey and deep grey mélange yarns, cotton yarns, and polyester staple fibres in the People's Republic of China. It is also involved in trading cotton.	14.0x	0.27	139.19	109.08	56%	China
Wang Tai Holdings Limited	SEHK:1400	Wang Tai Holdings Limited, an investment holding company, designs, manufactures, and sells fabrics and cotton yarns in the People's Republic of China. Its fabrics include interwoven fabrics with multi-fibers series for casual wear trousers and outer suit jackets; slub series for outdoor beach trousers, outdoor shirt, and casual shorts; blended fabric series for casual jackets and shirts; stretch fabric series for slim cut trousers and polo-shirts; and pure cotton series of fabrics for suit and business trousers.	24.4x	0.97	85.67	116.83	42%	China
Median			**11.5x**	**0.47**	**27.95**	**60.48**	**36%**	

Source: S&P Capital IQ

14.5 Appendix E – MXM: Recent comparable transactions

Transaction Date	Target	Target Business Description	Transaction Status	Transaction Value A $m	Implied Enterprise Value /EBITDA (x)	Stake acquired	Target Industry	Target Location
07/10/2015	Zhejiang Yonglong Enterprises Co. Ltd. (SEHK:8211)	Zhejiang Yonglong Enterprises Co., Ltd was founded in 1998 and manufactures and sells woven fabrics in the People's Republic of China. It offers cotton, polyester, spander, fashion, and T/R fabrics. The company also provides subcontracting services. It exports its products to the United States, Europe, Japan, South Africa, Hong Kong, and Arabic countries.	Closed	0.511	13.7x	Small minority stake - 1.11%	Textile Mill Products	Hong Kong
08/06/2013	Jiangsu Sunshine Co., Ltd. (SHSE:600220)	Jiangsu Sunshine Co., Ltd. was incorporated in 1994, and operates in the textile business in China. The company provides worsted wool fabrics and garments and poly-silicon and related chemical products.	Closed	143.56	13.4x	Minority stake - 21.54%	Textile Mill Products	China
12/22/2015	Zhejiang Yonglong Enterprises Co. Ltd. (SEHK:8211)	Zhejiang Yonglong Enterprises Co., Ltd was founded in 1998 and manufactures and sells woven fabrics in the People's Republic of China. It offers cotton, polyester, spander, fashion, and T/R fabrics. The company also provides subcontracting services. It exports its products to the United States, Europe, Japan, South Africa, Hong Kong, and Arabic countries.	Closed	0.502	12.5x	Small minority stake - 1.11%	Textile Mill Products	Hong Kong
08/14/2013	Shanghai Challenge Textile Co., Ltd. (SZSE:002486)	Shanghai Challenge Textile Co., Ltd. was founded in 2001 and engages in researching, developing, producing, and distribution of fabrics for outdoor apparels primarily in China. It offers fleece, knitted wool, and functional fabrics. The company also operates outdoor sports stores under the KROCEUS brand in China and Tokyo.	Closed	38.69	11.6x	Minority interest - 17%	Textile Mill Products	China
03/21/2012	Zhejiang Yonglong Enterprises Co. Ltd. (SEHK:8211)	Zhejiang Yonglong Enterprises Co., Ltd was founded in 1998 and manufactures and sells woven fabrics in the People's Republic of China. It offers cotton, polyester, spander, fashion, and T/R fabrics. The company also provides subcontracting services. It exports its products to the United States, Europe, Japan, South Africa, Hong Kong, and Arabic countries.	Closed	0.025	6.9x	Large minority stake - 48.28%	Textile Mill Products	Hong Kong
01/13/2014	Billion Industrial Holdings Limited (SEHK:2299)	Billion Industrial Holdings Limited is an investment holding company based in Hong Kong. The company develops, manufactures, and sells polyester filament yarns and polyester thin films products in China. The company also exports its products primarily to Turkey, Italy, Belgium, Brazil, the United States, Spain, Russia, and Poland.	Closed	85.31	13.9x	Large minority stake - 41.05%	Textile Mill Products	Hong Kong
08/18/2010	Lanxitianxianfang Linen Textile Co., Ltd.	Lanxi Tianxianfang Linen Co., Ltd. operates as a manufacturer of linen yarn and various types of linen fabric. The company is based in China. As of November 24, 2010, Lanxitianxianfang Linen Textile Co., Ltd. operates as a subsidiary of Heilongjiang Lanxi Sunrise Linen Textile Industry Co., Ltd.	Closed	8.62	11.9x	Controlling stake - 100%	Textile Mill Products	China
06/18/2013	PT Sri Rejeki Isman Tbk (JKSE:SRIL)	PT Sri Rejeki Isman Tbk was founded in 1996 and is based in Surakarta, Indonesia. The company is a textile and garment company, operating through Spinning, Weaving, Finishing, and Garment segments. It offers yarn to textile customers; greige textile fabrics; military uniforms for public authority and professional users; corporate uniforms for companies and government agencies; and apparel for fashion, corporate, and industry clothing needs.	Closed	65.3	10.6x	Minority interest - 13.77%	Textile Mill Products	South-East Asia
06/22/2007	Ramatex Berhad	Ramatex Berhad is a holding company founded in 1976 in Malaysia, which through its subsidiaries manufactures and markets textile products. The company manufactures yarn and garments, as well as knits, dyes, and prints fabrics. It also manufactures lactic acid emulsion and related products, as well as provides technical consultancy service of the products. In addition, the company manufactures and markets corrugated cartons. It has operations primarily in Malaysia, China, Namibia, and Cambodia.	Closed	34.38	9.6x	Controlling interest - 100%	Textile Mill Products	South-East Asia

Transaction Date	Target	Target Business Description	Transaction Status	Transaction Value A $m	Implied Enterprise Value /EBITDA (x)	Stake acquired	Target Industry	Target Location
01/16/2007	Ramatex Berhad	Ramatex Berhad is a holding company founded in 1976 in Malaysia, which through its subsidiaries manufactures and markets textile products. The company manufactures yarn and garments, as well as knits, dyes, and prints fabrics. It also manufactures lactic acid emulsion and related products, as well as provides technical consultancy service of the products. In addition, the company manufactures and markets corrugated cartons. It has operations primarily in Malaysia, China, Namibia, and Cambodia.	Closed	89.09	8.8x	Controlling interest - 100%	Textile Mill Products	South-East Asia
07/26/2013	Seong An co., Ltd (KOSE:A011300)	Seong An Co., Ltd, a Korean company founded in 1953, manufactures, exports, and sells fabric related products worldwide, including single and double circular knit items, various polyester fabrics and wallpapers. It also provides polyester filament and spun yarns under the Sofsil name; and breathable, mechanical, performance knit, and lightweight fabrics under the Starmax name.	Closed	0.911	7.8x	Small minority stake - 2%	Textile Mill Products	Korea, South
09/07/2015	Bros Eastern Co., Ltd. (SHSE:601339)	Bros Eastern Co., Ltd. engages in the research, development, manufacture, and sale of cotton and blended dyed spinning yarns. It distributes its products under the BROS brand name in China and internationally.	Closed	51.81	7.5x	Small minority stake - 5%	Textile Mill Products	China
12/21/2010	Addchance Holdings Limited (SEHK:3344)	Addchance Holdings Limited, an investment holding company based in Hong Kong, produces and sells dyed and cotton yarns and knitted sweaters. The company also provides yarn-dyeing and knitting services, and trades in dyed yarn, cotton raw white yarn, and fancy yarn. The company operates in China and other Asian countries, Arabian Peninsula, Australia, Europe, and North America.	Closed	3.19	6.8x	Small minority stake - 4.84%	Textile Mill Products	Hong Kong
07/15/2012	Billion Industrial Holdings Limited (SEHK:2299)	Billion Industrial Holdings Limited is an investment holding company based in Hong Kong. The company develops, manufactures, and sells polyester filament yarns and polyester thin films products in China. The company also exports its products primarily to Turkey, Italy, Belgium, Brazil, the United States, Spain, Russia, and Poland.	Closed	369.64	4.7x	Large minority stake - 29%	Textile Mill Products	Hong Kong
07/27/2010	Pacific Textiles Holdings Limited (SEHK:1382)	Pacific Textiles Holdings Limited, an investment holding company, engages in the manufacture and trade of textile products. The company is involved in the knitting, dyeing, printing, and finishing fabrics. The company has operations in Hong Kong, China, Southeast Asia, the United States, Sri Lanka, and other countries.	Closed	42.84	4.2x	Small minority stake - 5%	Textile Mill Products	Hong Kong
12/29/2011	Li Heng Chemical Fibre Technologies Limited (SGX:AXZ)	Li Heng Chemical Fibre Technologies Limited, an investment holding company, manufactures and sells high-end nylon fibers. It offers nylon highly oriented yarn that is used in lingerie, undergarments, sportswear, and swimwear; nylon partially oriented yarn, a continuous filament yarn, which is primarily used as feedstock for nylon drawn textured yarn (DTY) products; and nylon DTY that is used in lace, undergarments, form-fitting garments, and home furnishing. The company offers its products under the Liyuan and Liheng brands.	Closed	8.55	2.3x	Small minority stake - 5.6%	Textile Mill Products	China
12/22/2015	Li Heng Chemical Fibre Technologies Limited (SGX:AXZ)	Li Heng Chemical Fibre Technologies Limited, an investment holding company in China, manufactures and sells high-end nylon fibers. It offers nylon highly oriented yarn that is used in lingerie, undergarments, sportswear, and swimwear; nylon partially oriented yarn, a continuous filament yarn, which is primarily used as feedstock for nylon drawn textured yarn (DTY) products; and nylon DTY that is used in lace, undergarments, form-fitting garments, and home furnishing. The company offers its products under the Liyuan and Liheng brands.	Announced	63.61	2.2x	Minority stake - 19%	Textile Mill Products	China
			Average	**59.2**	**8.7x**			
			Median	**38.7**	**8.8x**			

Source: S&P Capital IQ

14.6 Appendix F – Senai Property Valuation Report

REPORT & VALUATION OF

TWO CONTIGUOUS PARCELS OF INDUSTRIAL LAND
ERECRED UPON WITH
TWO UNITS OF SINGLE STOREY DETACHED FACTORY
WITH MEZZANINE FLOOR
TOGETHER WITH A GUARD HOUSE
HELD UNDER
LOT NOS. PTD 105117 & 105118
TITLE NOS. HSD 63570 & 63571 RESPECTIVELY
ALL WITHIN MUKIM OF SENAI
DISTRICT OF KULAI
STATE OF JOHOR DARUL TAKZIM

Asia

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Penilai & Ejen Hartanah
VE(1)0210/2

real estate agency ·
valuation ·
project marketing ·
feasibility study ·
property management ·
research & consultancy ·
plant & machinery ·
appraisal & disposal ·

Your Ref : LIUL/2117486
Our Ref : OAPC/JB/V-16/419/EDD
Date : 23 July 2015

PRIVATE & CONFIDENTIAL
Messrs William Buck Corporate Advisory Services (NSW) Ptd Ltd
Level 29, 66 Goulburn Street
Sydney NSW 2000
(Attn: Mr Daniel Coote)

Dear Sirs,

REPORT & VALUATION OF TWO CONTIGUOUS PARCELS OF INDUSTRIAL LAND ERECTED UPON WITH TWO UNITS OF SINGLE STOREY DETACHED FACTORY WITH MEZZANINE FLOOR TOGETHER WITH A GUARD HOUSE AND ANCILLARY BUILDINGS HELD UNDER LOT NOS. PTD 105117 AND PTD 105118, TITLE NOS. HSD 63570 AND HSD 63571 RESPECTIVELY, ALL WITHIN MUKIM OF SENAI, DISTRICT OF KULAI, STATE OF JOHOR DARUL TAKZIM.

We refer to your instructions for advice on the Market Value of the abovementioned properties (hereinafter referred to as the subject property) for the purpose of inclusion in an Independent Expert Report prepared by William Buck Corporate Advisory Services (NSW) Pty Ltd in connection with the proposed acquisition of GLG Corp Limited of all of the issued shares in G&G International Pte Ltd only.

Pursuant to the **Terms of Reference**, it is our considered opinion that the **Market Value** of the 60-year leasehold interest in the subject property, with an unexpired term of about 34 years, as at 22 June 2016, in its existing physical condition and with vacant possession, is **RM38,000,000/- (Ringgit Malaysia: Thirty Eight Million Only).**

This Report is confidential to and for use only by the client to whom it is addressed to and for the specific purpose to which it refers. We are not responsible to any consequences arising from the valuation being quoted out of context.

Neither the whole nor any part of the Valuation Report or any reference thereto may be included in any published document, circular or statement nor published in any way without our written approval.

We wish to draw your attention to the Limiting Conditions on the back page of this Report, governing its use and application.

Please contact us if you require further assistance or clarification in respect of this Valuation.

Thank you.

Yours faithfully,
for **One Asia Property Consultants (KL) Sdn Bhd**

KHOO FEI FEI
Registered Valuer (V-1024)

1.0 TERMS OF REFERENCE

We were instructed by Messrs Maxim Textile Technology Sdn Bhd to ascertain the Market Value of the 60-year leasehold interest in the subject property, in its existing physical condition and with vacant possession for the purpose of inclusion in an Independent Expert Report prepared by William Buck Corporate Advisory Services (NSW) Pty Ltd in connection with the proposed acquisition of GLG Corp Limited of all of the issued shares in G&G International Pte Ltd on the basis of titles being good, registrable, marketable, free from all encumbrances, endorsements, statutory notices and outgoings.

2.0 DATE OF VALUATION

In the absence of any other specific instruction, the material date of the valuation is deemed to be the date of inspection, which is on 22 June 2016.

3.0 DEFINITION OF VALUE

3.1 Market Value

Market Value is 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 wherein the parties had each acted knowledgeably, prudently and without compulsion.

4.0 TITLE PARTICULARS

The title particulars of the subject property were extracted from the title searches made at the Johor Land Office on 22 June 2016, and we assumed the details are correct for the purpose of this valuation exercise.

TITLE NOS.	LOT NOS.	ANNUAL RENT	PROVISIONAL LAND AREA
PTD 105117	HSD 63570	RM5,880.00	2.793 Hectares
PTD 105118	HSD 63571	RM6,153.00	2.929 Hectares
TOTAL		**RM12,033.00**	**5.722 Hectares**

The followings are common unless otherwise stated:-

Mukim	:	Senai
District	:	Kulai
State	:	Johor Darul Takzim
Tenure	:	60-year leasehold, expiring on 14 May 2050
Registered Proprietor	:	Maxim Textile Technology Sdn. Bhd. – 1/1 share
Category of Land Use	:	Perusahaan/Perindustrian *(Industry)*
Express Conditions	:	i) Tanah ini hendaklah digunakan untuk kilang bagi tujuan Perusahaan Sederhana dan kegunaan lain yang berkaitan dengannya, dibina mengikut pelan yang diluluskan oleh Pihak Berkuasa Tempatan yang berkenaan. *(This land shall be used for medium industry factory and others relevant use in accordance to the plan approved by the local authority)* ii) Segala kekotoran dan pencemaran akibat daripada aktiviti ini hendaklah disalurkan / dibuang ke tempat-tempat yang telah ditentukan oleh Pihak Berkuasa Berkenaan. *(All the disposal and pollutions from these activities should be disposing to the right place that has been designated by the relevant local authority.)* iii) Segala dasar dan syarat yang telah ditetapkan dan dikuatkuasakan dari semasa ke semasa oleh Pihak Berkuasa Berkenaan hendaklah dipatuhi. *(All the policies and restrictions which have been effective from time to time by the local authority must be complying.)*

Restriction-In-Interest	:	Tanah yang dikurniakan ini tidak boleh dijual, dicagar, digadai, dipajak atau dipindahmilik dengan apa cara sekalipun, termasuk dengan cara menggunakan segala surat perjanjian yang bertujuan untuk melepaskan/menjual tanah ini, tanpa kebenaran Pihak Berkuasa Negeri. *(The land hereby alienated shall not be transferred, charged, leased, subleased or in any manner of dealing include with the written consent to dispose this land, without any approval from the State Authority.)*
Encumbrances	:	Charged to United Overseas Bank (Malaysia) Berhad vide Presentation No. 45911/2014, dated 4 June 2014.

Photocopies of the **Title Search** are attached as **Appendix 'E'** for ease of reference.

NOTE:

WHILE WE HAVE MADE TITLE SEARCHES ON 22 JUNE 2016, WE CANNOT ACCEPT ANY RESPONSIBILITY FOR THEIR LEGAL VALIDITY. IT IS ADVISABLE THAT THE ABOVE PARTICULARS BE VERIFIED BY A SOLICITOR.

5.0 LOCATION AND NEIGHBOURHOOD

5.1 Location

The subject property is located within Kawasan Perindustrian Senai II (also known as Senai Industrial Park II), Senai, Johor Darul Takzim. It is sited at about 32-kilometre to the north-west of Johor Bahru city centre. Senai town centre and Senai International Airport are located at about 7-kilometre due south-west and 9-kilometer due north of the subject property respectively.

Approach to the subject property from Johor Bahru city centre is via Jalan Wong Ah Fook, Jalan Tun Abdul Razak, Jalan Skudai, Senai Expressway, Jalan Lapangan Terbang, Jalan Perindustrian, Jalan Perindustrian 3 and finally onto Jalan Perindustrian 4. Alternatively, it is also accessible via Jalan Wong Ah Fook, Jalan Tun Abdul Razak, Jalan Datin Halimah, Jalan Kempas Baru, Jalan Kempas Lama, Jalan Kampung Maju Jaya, Jalan Lapangan Terbang, Jalan Perindustrian, Jalan Perindustrian 3 and finally onto Jalan Perindustrian 4.

For ease of reference, the subject property is marked red in the **Location Plan** attached as **Appendix 'A'**.

5.2 Neighbourhood

Kawasan Perindustrian Senai II is an industrial scheme which mainly developed upon with one and a half storey terraced factories and detached factories, vacant industrial plots as well as dormitory.

Nearby industrial schemes include Taman Perindustrian Murni, Kawasan Perindustrian Senai I, III and IV as well as the on-going/newly completed development of I-Synergy, Le Premier Industrial Park, Innoparc and M Park. Individual design premises within this locality include

Flextronics Technology (Malaysia) Sdn Bhd, Steel Centre Sdn Bhd, CP Industrial Products Sdn Bhd, Century Bhd, VS Industry, Solectron Technology, EDMI Electronics Sdn Bhd, Switchgear & Engineering Sdn Bhd and NT Precision (M) Sdn Bhd.

The on-going development of Scientex Senai which comprises of double and two and a half storey terraced houses, cluster and semi detached factories as well as double storey shopoffices are located at about a 7-kilometre due north-east of the subject property.

Notable nearby residential schemes include Taman Desa Idaman, Taman Impian Jaya, Taman Senai Jaya, Taman Senai Indah, Taman Handal, Taman Bintang and Taman Sri Senai as well as the village settlement areas of Kampung Baru Seelong, Kampung Seelong Jaya and Kampong Maju Jaya, to name a few.

Notable landmark within the area include Senai International Airport and Palm Resort Golf and Country Club whilst notable public amenities nearby include school, clinics, restaurant and local shops.

6.0 PROPERTY DESCRIPTION

The subject property comprises two contiguous parcels of industrial land erected upon with two units of single storey detached factory with mezzanine floor together with a guard house and ancillary buildings bearing postal address identified as PLO 54, Jalan Perindustrian 4, Kawasan Perindustrian Senai II, 81400 Senai, Johor Darul Takzim.

6.1 Site

Lot No. PTD 105117 is rectangular in shape with a provisional land area of about 2.793 hectares (300,629 square feet). It has a frontage of about 222.536 metres (730 feet) onto Jalan Perindustrian 4 and a depth of about 124.846 metres (409 feet) along its south-western site boundary.

Whilst for PTD 105118, the site is almost rectangular in shape with a provisional land area of about 2.929 hectares (315,268 square feet). It has a frontage of about 237.115 metres (778 feet) onto the frontage metalled road, Jalan Perindustrian 4, a splayed frontage of about 12.931 metres (42 feet) and a return frontage of about 106.479 metres (349 feet) along its north-eastern site boundary.

Generally, the subject site is flat in terrain and lies at about the same level as the frontage, Jalan Perindustrian 4.

At the date of inspection, we noted that the front boundary of the subject site is demarcated partly by 1.8 metres (6 feet) high plastered brickwalls and partly by 1.8 metres (6 feet) high chain link fencings whilst the site boundaries are demarcated by 2.4 metres (8 feet) high chain link fencings covered with metal claddings.

The driveway and the compound area are laid with concrete cement.

The main entrance to the subject property from Jalan Perindustrian 4 is sited at Lot No. PTD 105118 and is secured by a sliding metal gate hinged onto plastered brick pillars.

We also noted that water retention pond is found at the north-western side of Lot PTD 105117.

For ease of reference, the subject property is marked red in the **Site Plan** attached as **Appendix 'B'**.

6.2 Building

PTD 105117 (Block B) – A Single Storey Detached Factory With Mezzanine Floor

At the date of inspection, we noted that a storage room and a water retention pond have been constructed at the north-western and south-western sides of Lot PTD 105117 (Block B). The store room is constructed of steel framework infilled with plastered brickwalls, reinforced concrete floors and metal trusses roof covered with metal deck sheets whilst the water retention is constructed of plastered brickwalls and reinforced concrete floors. We also noted that a water treatment plant is constructed at the rear portion of Block B.

However, no approved building plans for the above extension work has been made available to us. Hence, we have excluded the above extension work in our valuation.

The subject building is basically constructed of reinforced concrete framework infilled with plastered brickwalls and metal deck sheets, reinforced concrete floors and a metal trusses roof covered with metal deck sheets whilst the office building is constructed of reinforced concrete framework infilled with plastered brickwalls, reinforced concrete floors and a reinforced concrete flat roof concealed behind parapet wall.

Brief details of the accommodation and finishes of the building are as follows:-

ACCOMMODATION	FINISHES		
	FLOOR	WALL	CEILING
GROUND FLOOR - FACTORY			
Production Areas	Concrete Cement	Cement Plaster	Aluminium Foil with Metal Conduits / Suspended Gypsum Board
Storages	Concrete Cement	Cement Plaster	Aluminium Foil with Metal Conduits
GROUND FLOOR - OFFICE			
Office Rooms	Cement Screed	Cement Plaster / Gypsum Board	Suspended Gypsum Board
Toilets	Ceramic Tiles	1.8-Metre (6 Feet) High Ceramic Tiles	Suspended Gypsum Board
Terrace	Cement Screed	-	Cement Plaster

Cont.

MEZZANINE FLOOR - OFFICE			
Staff Accommodation & Vacant Office Rooms	Cement Screed	Cement Plaster	Suspended Gypsum Board
Toilets	Ceramic Tiles	1.8-Metre (6 Feet) High Ceramic Tiles	Suspended Gypsum Board
Doors	Metal roller shutter, fire-rated timber door, timber flush, metal and PVC.		
Windows	Aluminium framed glass panels and fixed/adjustable glass louvres.		
Vertical Access	Reinforced concrete staircases finished with cement screed.		

Canteen

The canteen is open sided and constructed of metal trusses covered with metal deck roofing sheets and reinforced concrete floors. The floorings are of cement screed.

Store

This building is constructed of metal trusses covered with metal deck roofing sheets infilled with plastered brickwalls and reinforced concrete floors

The door is secured by a timber flush door whilst the floorings are of cement screed.

TNB Sub-station

The TNB sub-station is constructed of reinforced concrete framework infilled with plastered brickwalls, reinforced concrete floors and reinforced concrete flat roof concealed behind parapet wall.

The door is secured by a timber flush door whilst the floorings are of cement screed.

PTD 105118 (Block A) - A Single Storey Detached Factory With Mezzanine Floor Together With A Guard House

At the date of inspection, we noted that the rear portion on the ground floor of Lot PTD 105118 (Block A) has been constructed with metal trusses roof covered with metal deck sheets which accommodate loading and unloading bays and storage areas.

However, no approved building plans for the above extension works have been made available to us. Hence, we have excluded the above extension works in our valuation.

The subject building is basically constructed of reinforced concrete framework infilled with plastered brickwalls and metal deck sheets, reinforced concrete floors and a metal trusses roof covered with metal deck sheets whilst the office building is constructed of reinforced concrete framework infilled with plastered brickwalls, reinforced concrete floors and a reinforced concrete flat roof concealed behind parapet wall.

Brief details of the accommodation and finishes of the building are as follows:-

Accommodation	Finishes		
	Floor	Wall	Ceiling
Ground Floor - Factory			
Production Areas	Concrete Cement	Cement Plaster	Aluminium Foil with Metal Conduits
Storages	Concrete Cement	Cement Plaster	Aluminium Foil with Metal Conduits
Ground Floor - Office			
Reception	Timber Strips	Cement Plaster / Gypsum Board	Plasterboards incorporating downlights
Office Rooms	Carpet / Ceramic Tiles	Cement Plaster / Gypsum Board	Suspended Gypsum Board
Transformer Room	Cement Screed	Cement Plaster	Cement Plaster
Chiller Room	Cement Screed	Cement Plaster	Cement Plaster
TNB Sub-station	Cement Screed	Cement Plaster	Cement Plaster
Switch Room	Cement Screed	Cement Plaster	Cement Plaster
Testing Room	Cement Screed	Cement Plaster	Cement Plaster
Utility & Tool Rooms	Cement Screed	Cement Plaster	Cement Plaster
Toilets	Ceramic Tiles	2.4-Metre (8 Feet) High Ceramic Tiles	Suspended Gypsum Board
Terrace	Cement Screed	-	Cement Plaster
Mezzanine Floor - Office			
Office Rooms	Carpet	Cement Plaster / Gypsum Board	Suspended Gypsum Board
Training Room	Carpet	Cement Plaster	Suspended Gypsum Board
Merchandiser Department	Carpet	Cement Plaster	Suspended Gypsum Board
Store Room	Ceramic Tiles	Cement Plaster	Suspended Gypsum Board
Meeting Room	Carpet	Cement Plaster	Suspended Gypsum Board
Chairman Room	Carpet	Cement Plaster	Suspended Gypsum Board
Yarn Showrooms	Timber Strips	Cement Plaster	Plasterboards incorporating downlights
Terrace	Ceramic Tiles	-	Cement Plaster
Toilets	Ceramic Tiles	-	Plasterboards incorporating downlights
Doors	Metal roller shutter, fire-rated timber door, timber flush, metal and PVC.		
Windows	Aluminium framed glass panels and fixed/adjustable glass louvres.		
Vertical Access	Reinforced concrete staircases finished with ceramic tiles.		

<u>Guard House</u>

The guard house is constructed of reinforced concrete framework infilled with plastered brickwalls, reinforced concrete floors and reinforced concrete flat roof concealed behind parapet wall.

The door is secured by a timber flush door whilst the windows are of adjustable glass louvers. The floorings are of cement screed.

6.3 Building Services

The subject property is provided with fire-fighting facilities including exit signs, fire hydrants, fire extinguisher, alarm bell and hose reels, heat and smoke detectors and portable extinguishers.

6.4 Floor Area

The subject buildings have the following floor areas:-

PTD 105117 – Block B	*Sq. Metres*	*Sq. Feet*
Main Floor Area (MFA)		
Factory Building	9,008.16	96,963.00
Office Building	1,140.38	12,275.00
Store	416.39	4,482.00
TNB Sub-station	75.90	817.00
Ancillary Floor Area (AFA)		
Canteen	43.20	465.00
Gross Floor Area (GFA)	**10,684.03**	**115,002.00**

PTD 105118 – Block A	*Sq. Metres*	*Sq. Feet*
Main Floor Area (MFA)		
Factory Building	15,250.59	164,156.00
Office Building	2,220.38	23,900.00
Guard House	67.45	726.00
Total Floor Area (TFA)	**17,538.42**	**188,782.00**

For ease of reference, the **Floor Plans** and selected **Photographs** of the subject property are attached as **Appendices 'C'** and **'D'** respectively.

<u>Definition:</u>

Gross Floor Area (GFA) is the total sum of the Main Floor Area (MFA) and the Ancillary Floor Area (AFA).

MFA is the total area of building being sum total of each floor measured to the external face of the enclosing walls or to centres of party walls, excluding Ancillary Floor Areas (AFA).

AFA is measured to the internal face of the enclosing walls and structures or the roofed space if not enclosed.

Source:

The Institution of Surveyors Malaysia's Uniform Method of Measurement of Buildings.

We wish to draw your attention to the fact that any variation to the gross floor area as stated in this report may have a material impact on the market value as expressed herein.

7.0 CONDITION OF SUBJECT PROPERTY

The subject buildings are in a fair state of decorative repair and maintenance.

8.0 OCCUPANCY STATUS

The subject property is presently occupied as at the date of inspection.

9.0 UTILITY SERVICES AND TRANSPORTATION

Mains water, electricity and telephone lines are available within the neighbourhood and connected to the Subject Property.

Street lighting, rubbish collection, road and drain maintenance are provided by the relevant Local Authority for the area.

Public transportation in the form of bus and taxi services is available within the vicinity.

10.0 ASSESSMENT RATES

The subject property lies within the Local Authority limits of Kulai Municipal Council and is assessed for local rates.

11.0 TOWN PLANNING

As indicated in the titles, the subject property is designated for industrial use.

12.0 MARKET OBSERVATION

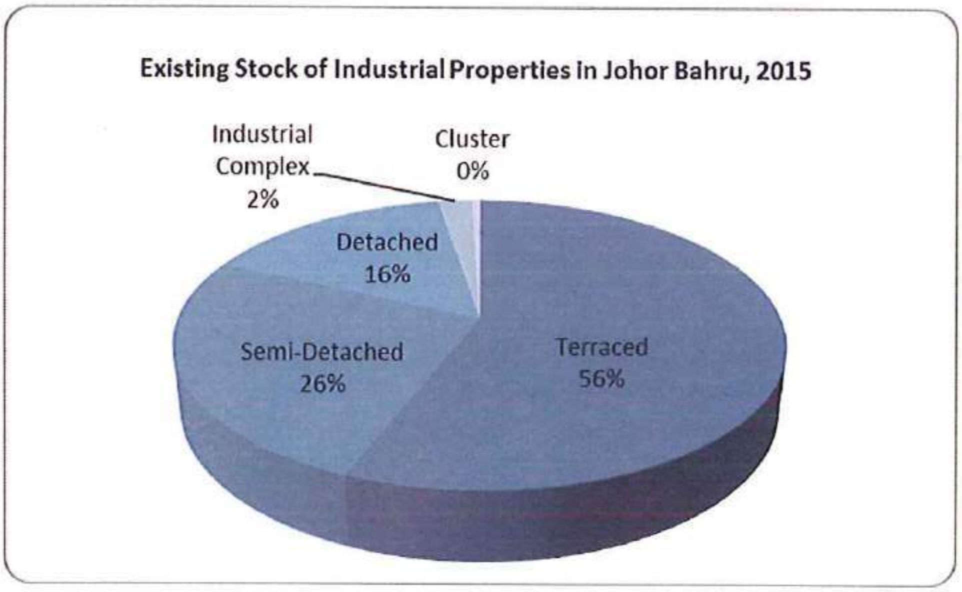
Industrial Market in Johor Bahru

In existence, there were a total of 9,229 units of industrial properties in District of Johor Bahru which forms part of Iskandar Malaysia, while a further of 2,160 units are incoming supply. Terraced factories continued to be the main component which comprising 56% of the total supply, followed by semi-detached and detached factories at about 26% and 16% respectively.

Supply of Industrial Properties in Johor Bahru (as at end of 2015)

	Existing Stock	Incoming Supply	Planned Supply	Total	%
Terraced	5,171	163	66	**5,400**	**44.90**
Semi-Detached	2,367	1,142	169	**3,678**	**30.50**
Detached	1,445	251	409	**2,105**	**17.50**
Industrial Complex	198	4	6	**208**	**1.70**
Cluster	48	600	0	**648**	**5.40**
Total	***9,229***	***2,160***	***650***	***12,039***	***100.00***

Source : Property Market Report 2015, Ministry of Finance Malaysia



Source : Property Market Report 2015, Ministry of Finance Malaysia

Iskandar Malaysia has five flagship zones and these flagship zones have been envisaged to both further strengthen existing economic clusters as well as to diversify and develop targeted growth sector. Iskandar Malaysia covers the entire District of Johor Bahru including the Mukim Jeram Batu, Mukim Sungai Karang, Mukim Serkat and Kukup Island in Mukim Ayer Masin.

The established industrial estates/schemes within the Iskandar Malaysia

Flagship	Established Industrial Estate / scheme
Flagship A : Johor Bahru City Centre	▪ Tampoi Industrial Estate ▪ Larkin Industrial Estate ▪ Tebrau Industrial Estate ▪ Plentong Industrial Estate ▪ Ulu Tiram Industrial Estate
Flagship B : Iskandar Puteri	▪ Southern Industrial Logistics Clusters (SiLC) ▪ Nusa Cemerlang
Flagship C : Western Gate Development	▪ Port of Tanjung Pelepas Free Trade Zone
Flagship D : Eastern Gate Development	▪ Tanjung Langsat Industrial Park ▪ Pasir Gudang Industrial Estate
Flagship E : Skudai, Senai – Kulai	▪ Senai Industrial Estate ▪ Johor Technology Park

Generally demand in Iskandar Malaysia was centered in industrial estate located in Flagship zones A, B, D and E which consists of Tampoi Industrial Estate, Tebrau Industrial Estate, Ulu Tiram Industrial Estate, Southern Industrial Logistics Clusters, Pasir Gudang Industrial Estate, Senai Industrial Estate and Johor Technology Park.

Recently Flagship zones B, D and E are now inundated with upcoming industrial development. The on-going and new industrial developments located within Flagship Zone B include Nusajaya Tech Park, Alam Jaya Business Park, Tropicana Business Park, Setia Business Park and Southern Industrial Logistics Clusters (SiLC). While at the eastern corridor which is under Flagship Zone D, there is a newly launched project at the edge of Pasir Gudang Industrial Area. The development consists of freehold in tenured and known as Harvest Green @ Sime Darby Business Park and Eco Business Park III. In addition, there are also a few new industrial developments within Ulu Tiram areas which include Frontier Industrial Park, Tropika Industrial Park and Desa Cemerlang Industrial Park.

For Flagship Zone E which cover Skudai and Senai – Kulai areas, the existing established industrial scheme include Senai Industrial Estate, Taman Perindustrian Idaman and Johor Techology Park whilst the new and on-going industrial development comprises of Senai Hi-Tech Park, Indahpura Industrial Park, SME City @ Indahpura, i-Park Indahpura, M Park, I Synergy, Innoparc and Le Premier Industrial Park as well as the proposed MSC Cyberport City.

Industrial Property Transactions in Johor Bahru According to Type (2011-2015)

	2011	2012	2013	2014	2015
Vacant Land	107	92	151	131	142
Terraced Factory/ Warehouse	278	270	247	217	155
Semi-Detached Factory	172	158	174	154	143
Detached Factory/Warehouse	81	67	62	84	72
Industrial Complex	0	0	0	0	1
Others	105	86	42	26	28
Total	**743**	**673**	**676**	**612**	**541**

Source : Property Market Report 2011 –2015, Ministry of Finance Malaysia

Based on the Table above, the industrial property transactions in Johor Bahru in year 2015 chartered as slightly decreased compared to 2014. However, some major industrial developers in Iskandar Malaysia received an overwhelming respond in terms of sale performance. Recently, the Flagship Zone B which covers Iskandar Puteri continues to be the most sought after industrial area where the 210 hectares Nusajaya Tech Park, joint developers of Ascendas and UEM Sunrise have almost fully sold for its first batch of 21 units of detached and semi-detached factories. The second batch consists of 23 units of detached and semi-detached factories which will be completed by the end of this year also received brisk sales. About 77 per cent of the purchasers are Singaporeans or international companies.

Rents for factories in Pasir Gudang are between RM1.00 and RM1.20 per square feet while those in SiLC, Tebrau, Larkin, Tampoi, Nusajaya and Senai are between RM0.80 and RM1.50 per square feet.

Rental Rate for Ready Built Factories in Iskandar Malaysia

Industrial Estate/Location	Rental (RM/sq. ft./month)
Senai I,II, III & IV	0.90 - 1.20
Tebrau I, II, III & IV	0.90 - 1.50
Pasir Gudang Industrial Estate	1.00 - 1.20
Tanjung Langsat	1.00 - 1.20
Johor Technology Park	1.30 - 1.50
Tampoi Industrial Estate	0.90 - 1.40
Kempas Industrial Estate	0.80 - 1.00
Larkin Industrial Park	1.00 - 1.40
Taman Gembira Industrial Estate	0.90 - 1.40
Taman Johor Industrial Estate	1.00 - 1.40
Jalan Hasil Industrial Estate	1.00 - 1.40
Desa Cemerlang Industrial Estate	0.80 - 1.00
Desa Plentong Industrial Estate	0.80 - 1.00
Nusa Cemerlang Industrial Park	1.10 - 1.30

Source : One Asia Property Consultant (KL) Sdn Bhd Research

The rental market for industrial properties in Iskandar Malaysia and especially in Senai is expected to remain stable for the next two years due to the improving industrial property market trend.

Interest in Iskandar Malaysia has already boosted the industrial property prices. For example, price movement of industrial plots in Senai High Tech Park, Sedenak Industrial Park, Southern Industrial Logistics Clusters (SiLC) and Johor Technology Park showed an upward trend from year 2010 to 2016.

Industrial Park	2010	2012	2014	First Half of 2016
	(RM/psf)			
Senai Hi -Tech Park (Part of Senai Airport City)	-	-	50.00	55.00 60.00
Sedenak Industrial Park	15.00 – 16.00	15.00 -16.00	25.00 – 28.00	30.00 – 40.00
Johor Technology Park	23.00	33.00	43.00	55.00
Southern Industrial Logistics Clusters	22.00 – 26.00	55.00 – 70.00	75.00 – 80.00	90.00 – 110.00

Source : One Asia Property Consultant (KL) Sdn Bhd Research

Now the industrial developments are spreading towards the northern side of Iskandar Malaysia, Flagship Zone E which covers Senai and Kulai areas. It will be the promising industrial powerhouse and manufacturing hub. This can be attributed to its good business policies and its proximity to the logistical infrastructure of international airport, the Senai International Airport and to two sea ports namely Johor Port in Pasir Gudang and Port of Tanjung Pelepas.

In addition, the free industrial zone of Senai Airport City promised vast potentials and the strategic location would complement Singapore's industrial activities. US-based confectionery Hershey's has selected Senai Airport City to establish its largest chocolate manufacturing facility outside North America and has started its operation early this year. Senai Airport City Sdn Bhd has also leased a parcel of its industrial land measuring approximately 24.75 acres in Senai Airport City to Fuji Oil Asia Pte Ltd (a subsidiary of Fuji Oil Group with its headquarters in Osaka Japan). Gazetted as a free zone, investors will also enjoy various incentives under the Iskandar region, among others, pioneer status, investment tax allowance and approved developer status.

Furthermore, a China-based D&Y Textile and Garment Group has signed a sales and purchase agreement with Johor Corp (JCorp) for a 9.7-hectare plot in Sedenak Industrial Park.

This flagship zone is well industrialised with many existing and new industrial / business parks coming on the stream for example Eco Business Park II @ Senai to be launched in the third quarter of 2016.

Others new industrial development within Senai Area is tabulated as follows:-

Development / Developer	Type of Factory	Land Area (sq.ft)	Built-up Area (sq.ft)	Selling Price
M Park, Seelong, Senai *Capital Meridian Sdn Bhd*	Semi-Detached	12,480 – 12,090	6,816 – 6,832	From RM2.5 mil
Le Premier Industrial Park *Le Premier Development Sdn Bhd*	Detached	15,000 – 17,000	9,000 – 13,000	RM4 mil – RM7.2 mil
	Semi-Detached	9,000 – 12,000	6,800 – 9,600	RM3 mil -RM4.2 mil
	Cluster	7,800 – 13,000	8,016	RM3.5 mil
I-Synergy Bandar Putra *Nice Frontier Sdn Bhd*	Detached	43,056 – 65,617	26,034	RM6.8 mil
	Semi-Detached	17,922 – 30,257	11,634 – 13,993	RM3.03 mil

Source : One Asia Property Consultant (KL) Sdn Bhd Research

Spurring Senai's growth, the Sedenak Iskandar Data Hub and MSC Cyberport City had been earmarked in Iskandar Malaysia as the second new data hub in the country after Cyberjaya in Selangor and a new ICT flagship on a 150-acre land in Bandar Indahpura,Kulai respectively. It is learnt that US-based Microsoft Corp will invest about RM5bill to set up its data centre in Sedenak Iskandar Data Hub. These catalyst developments is serve to attract investment and job opportunities and also create a strong demand for manufacturing, housing, retail and amenities.

With continuous enrichments on connectivity and accessibility namely Senai-Desaru Expressway, North South Highway and the proposed Kuala Lumpur-Singapore High-Speed Rail (HSR) (the Memorandum of Understanding signed on 19 July 2016), as well as the Gemas - Johor Bahru electrified double tracking rail project is expected to begin construction by the end of the year 2016, the Flagship Zone E remain appealing to many businesses.

The increment in investments and interest by multi-national companies such Fuji Oil Asia, Hershey's and Microsoft Corporation will attract more investors to invest in the region due to its low cost of industrial space, low cost of labour and also ease of connectivity to Senai International Airport and major port gateways.

In term of location, the Senai Industrial area is strategically situated at a prime and established industrial zone in Iskandar Malaysia amidst easily recognizable landmarks. The site possesses the advantage by excellent connectivity with great accessibility of major highways leading to all locations, key logistics ports and international airport. The ease of access, good catchment areas and availability of facilities in the immediate vicinity all are positive points for the success of industrial development.

Market Outlook

The industrial market in Iskandar Malaysia is generally expected to be on the upward trend. According to data from the Malaysian Investment Development Authority (MIDA), Johor state has achieved the highest amount of manufacturing investments in 2015 at RM31.1 billion among all the states in Malaysia and the industrial property market depends largely on the health of the manufacturing sector.

As for Iskandar Malaysia, its fourth quarter of 2015 (October – December 2015) secured new investment is amounting to RM4.94 billion which bring up the total cumulative committed investment from year 2006 until 2015 to RM190.29 billion. These record figures will translate that Iskandar Malaysia is moving closer towards becoming a sustainable industrial powerhouse.

13.0 VALUATION

13.1 Basis of Valuation

The basis of valuation for the purpose of this report is Market Value.

13.2 Method of Valuation

We have applied the Cost and Comparison Methods and Investment Method of valuation to assess the Market Value of the subject property.

Cost and Comparison Methods

The Comparison Method entails comparing the property with similar properties that were sold. The characteristics, merits and demerits of these properties are noted and appropriate adjustments thereof are then made to arrive at the value of the subject property.

The Cost Method considers the possibility that, as a substitute for the purchase of a given property, one could construct another property that is either a replica of the original or one that could furnish equal utility. In real estate context, one would normally not be justified in paying more for a given property than the cost of acquiring equivalent land and constructing an alternative structure, unless undue time, inconvenience, and risk are involved. In practice, the approach also involves an estimate of depreciation for older and/or less functional properties where an estimate of cost new unreasonably exceeds the likely price that would be paid for the appraised property.

The land component is arrived by the Comparison Method.

Investment Method

In the Investment Method , the annual rental income presently received or expected to command over period of time relating to the lease of the premises within the Subject Property is estimated and deducting therefrom the expenses or outgoings incidental to ownership of the subject property to obtain the Net Annual Rental Value.

This Net Annual Income is then capitalised by an appropriate Capitalisation Rate or Years Purchase figure to adjust the income into the present Capital Value of the subject property.

The relevant Capitalisation Rate is chosen based on the Investment Rate of Return to be expected from the type of Subject Property concerned taking into consideration such factors as risk, capital appreciation, security of income, ease of sale and management of the subject property.

13.3 Cost and Comparison Methods

13.3.1 Comparable Properties

The subject property, with the said holding therein, shall be valued on the basis of its present state of existence as a parcel of industrial land plus the buildings erected thereon.

The derivation of the Market Value of the subject property is achieved by comparing the subject property with recent sales of vacant industrial land and detached factory within the locality.

Some necessary adjustments such as time and land size were made to reflect the market value of the subject property. Further adjustment on the improve land is also made.

Our investigations revealed that the indicate that analysed 60-year leasehold improved industrial land value within Senai Industrial Park was recorded from RM390.62 to RM 489.75 (RM36.29 to RM45.50 per square foot) whilst the freehold vacant industrial land within Kawasan Perindustrian Senai and Kawasan Perindustrian Idaman was transacted at RM293.85 to 296.00 per square metre (RM27.30 to RM27.50 per square foot).

The relevant comparables that have been considered are briefly described as follows:-

Comparable No 1

Lot No 120, Title No GM 34
Mukim of Senai, District of Kulai, Johor Darul Takzim

Location	:	Located within Kawasan Perindustrian Senai, Senai, Johor Darul Takzim
Land Area	:	2.5 hectares (approximately 6.18 acres or 269,259 square feet)
Tenure	:	Freehold
Type of Property	:	Vacant Industrial Land
Transaction Price	:	RM7,349,383.00
Land Analysis	:	RM293.85 per square metre (RM27.30 per square foot)
Date of Transaction	:	15 December 2015
Source	:	JPPH Computer Transaction

<u>**Comparable No 2**</u>

Lot No PTD 8857, Title No HSD 50668
Mukim of Senai, District of Kulai, Johor Darul Takzim

Location	:	PLO 103, Jalan Cyber 5, Senai Industrial Park, Senai, Johor Darul Takzim
Land Area	:	0.809 hectare (approximately 2 acres or 87,080 square feet)
Tenure	:	60-year leasehold
Type of Property	:	Detached Factory
Built-up/Building Value	:	48,242 square feet / RM4,340,000.00
Transaction Price	:	RM7,500,000.00
Land Analysis	:	RM390.62 per square metre (RM36.29 per square foot)
Date of Transaction	:	4 July 2015
Source	:	JPPH Computer Transaction

<u>**Comparable No 3**</u>

Lot No 76389, Title No GRN 409535
Mukim of Senai, District of Kulai, Johor Darul Takzim

Location	:	Lot 76389, Jalan Idaman, Taman Perindustrian Idaman, Senai, Johor Darul Takzim
Land Area	:	0.4 hectare (approximately 1.08 acres or 47,307 square feet)
Tenure	:	Freehold
Type of Property	:	Vacant Industrial Land
Transaction Price	:	RM1,300,953.00
Land Analysis	:	RM296.00 per square metre (RM27.50 per square foot)
Date of Transaction	:	4 May 2015
Source	:	JPPH Computer Transaction

<u>**Comparable No 4**</u>

Lot No PTD 46032, Title No HSD 33649
Mukim of Senai, District of Kulai, Johor Darul Takzim

Location	:	PLO 165, Jalan Perindustrian, Senai Industrial Park, Senai, Johor Darul Takzim
Land Area	:	2.428 hectares (approximately 6.0 acres or 261,347 square feet)
Tenure	:	60-years leasehold
Type of Property	:	Detached Factory
Built-up/Building Value	:	61,200.00 square feet / RM5,500,000.00
Transaction Price	:	RM17,390,000.00
Land Analysis	:	RM489.75 per square metre (RM45.50 per square foot)
Date of Transaction	:	9 September 2014
Source	:	JPPH Computer Transaction

Asia

Comparable Adjustment

LAND VALUE ANALYSED @ (RM)/PSF	**Comp No 1** **RM27.30** (Dec, 2015)	**Comp No 2** **RM36.29** (July, 2015)	**Comp No 3** **RM27.50** (May, 2015)	**Comp No 4** **RM45.50** (Sept, 2014)
ADJUSTMENT				
TIME	0%	0%	0%	5%
ADJUSTED LAND VALUE (RM)/PSF	27.30	36.29	27.50	47.78
FURTHER ADJUSTMENT				
LOCATION	-	-	-	-
ACCESSIBILITY	-	-	-	-
SIZE	-10%	-20%	-25%	-10%
SITE IMPROVEMENT	15%	-	15%	-
TENURE	-15%	-	-15%	-
OTHERS	-	-	-	-
TOTAL	-10%	-20%	-25%	-10%
ADJ. PRICE (RM)/PSF	**RM24.57**	**RM29.01**	**RM20.63**	**RM43.00**

Notes on adjustment: -

Time - Positive adjustment of 5% for time factor for Comparable No 4 which was transacted in year 2014 is taken due to current property market (year 2016) which shows an appreciation in value. This appreciation is due to the supporting factor such as the operation of Senai-Desaru Expressway.

POSITIVE ADJUSTMENT

Site Improvement - Negative adjustments is taken since Comparable No 1 is a vacant industrial land whilst subject property is improved with detached factory.

POSITIVE ADJUSTMENT

Size - All Comparable have smaller land size. Quantum allowance – smaller land size is easier to dispose compared to the bigger size of land.

NEGATIVE ADJUSTMENT

Tenure - Negative adjustments is taken since Comparable No 1 and Comparable No 3 which both are freehold in tenure.

NEGATIVE ADJUSTMENT

From the above adjustment comparable, show that the market prices ranging from *RM20.63* to *RM43.00* per square foot. Please note that the subject property has been improved upon with buildings and site improvement such as tarred compound, driveways and drainage.

We have relied on Comparable No 1 which the adjusted price is RM24.57 per square foot. We have round down the figure and adopted at RM24.00 per square foot for land value.

13.3.2 Valuation Working

Item	*Value Per Square Foot (RM)*	*Market Value (RM)*	*Say (RM)*
Land			
615,919.0 square feet	24.00	14,781,528.00	*15,000,000.00*
Buildings			
Block B			
Factory 96,963.0 square feet	90.00	8,726,670.00	
Office 12,275.0 square feet	100.00	1,227,500.00	
Canteen 465.0 square feet	40.00	18,600.00	
Mechanical Block 4,482.0 square feet	30.00	134,460.00	
TNB Sub-station 817.0 square feet	40.00	32,680.00	
Block A			
Factory 164,156.0 square feet	90.00	14,774,040.00	
Office 23,900.0 square feet	100.00	2,390,000.00	
Guard house 726.0 square feet	40.00	29,040.00	
Total (Building)		27,332,990.00	
Less Depreciation @ 15%		4,099.948.00	
Building Value		23,233,041.00	*23,000,000.00*
Total			***38,000,000.00***

Note:

For the value of the buildings, we have taken into consideration the type and condition of the building, subject to physical and functional obsolescence. We have also taken into consideration of current market rate as derived from analysis of similar type of development and current cost estimates by *Juru Ukur Bahan Malaysia (JUBM)* construction cost handbook 2015.

Our basis of depreciation rate is depending to the age and wear & tear of the buildings. The subject property is under fair condition. Based on the condition and age of the buildings, we are of the opinion that the depreciation of the building is about 15%.

13.4 Investment Method

Lease Detail

Lease Term	34 years
Tenancy Period	3 years (1st Term)
Lettable Area	297,294 sq. ft.
Gross Monthly Rental	1st Term – RM1.00 psf Reversion Term – RM1.20 psf
Net Monthly Rental	1st Term – RM0.80 psf Reversion Term – RM1.00 psf
Net Monthly Rental	1st Term – RM237,835.20 Reversion Term – RM297,294.00
Net Annual Rental	1st Term – RM2,854,022.40 Reversion Term – RM3,567,528.00

13.4.1 Valuation Working

Explanatory Notes:-

i) *Our analysis and market observation as per Item 12.00 in our valuation report revealed that the gross asking market rental were in the range of RM0.80 to RM1.50 per square feet. The rental for Reversion Term is adopted 10% higher than the present rental.*

The outgoing is taken at a rate of 20% which is considered as a possible rate for industrial property, taken into consideration the costs that should incurred under the rate such as repairing, insurance premium, quit rent and annual rent.

ii) *The yield is taken at 6.75% during the term value (guaranteed return) and 7% during the term of reversion (uncertainty condition).*

This rate is taken by comparison analysis of similar industrial properties and evident from the interest shown by real estate investment trusts (REITs). The properties under Atrium REITs, for example, have achieved yield of 7.5% per annum for year 2015. The relevant supporting annual report is attached as ***Appendix 'F'*** *for ease reference.*

1st Term			
Net Rental Per Annum	RM 2,854,022.40		
YP for 36 months @ 6.75%	2.6363	RM	7,524,059.25
Reversion Value			
Net Annual Rental	RM 3,567,528.00		
Less			
Void (taken @ 20.0%)	RM 713,505.60		
	RM 2,854,022.40		
YP for 34 years @ 7%	12.854		
	RM 36,685,603.93		
PV for 36 months @ 7%	0.8162979	RM	29,946,381.45
		RM	37,470,440.70
	say	**RM**	**37,500,000.00**

13.5 Summary of Value

Cost and Comparison Method	RM38,000,000.00
Investment Method	RM37,500,000.00

The subject property comprises two contiguous parcels of industrial land erected upon with two units of single storey detached factory with mezzanine floor together with a guard house and we are valuing the subject property as a parcel of industrial land together with building/structures erected thereon. Furthermore, the subject property is individually design to cater their specific usage. We have adopted **Cost and Comparison Methods** to determine the market value of the subject property.

Adopted Market Value at RM38,000,000.00 (Ringgit Malaysia: Thirty Eight Million Only) as derived by the Cost and Comparison Methods of Valuation.

LIMITING CONDITIONS

1. MALAYSIAN VALUATION STANDARDS

This Report is carried out in accordance with the Manual of Valuation Standards published by the Board of Valuers, Appraisers and Estate Agents.

2. CONFIDENTIALITY

This Report is confidential to the client or to whom it is addressed and for the specific purpose to which it refers. It may only be disclose to other professional advisors assisting the client in respect of that purpose, but the client shall not disclose the Report to any other person. Neither the whole, nor any part of the Report or Certificate or any reference thereto may be included in any way without our prior written approval of the form and context in which it may appear. We shall bear no responsibility nor be held liable to any party in any manner whatsoever in the event of any unauthorised publication of the Report, whether in part or in whole.

3. USE OF REPORT

The opinion of value expressed in this Report shall only be used by the addressee for the purpose stated or intended in this Report. We are not responsible for any consequences arising from the Report being relied upon by any other party whatsoever or for any information therein being quoted out of context.

4. SOURCE OF INFORMATION

Where it is stated in the Report that information has been supplied by the sources listed, this information is believed to be reliable and no responsibility is accepted should it prove not to be so nor warranty of any kind, be it express or implied, is intended. All other information stated without being attributed directly to another party is obtained from our searches of record, examination of documents or enquiries with the relevant authorities. This Report has been prepared on the basis of full disclosure of all information and facts, which may affect the Valuation, have been made known to ourselves and we cannot accept any liability or responsibility in any event, unless such full disclosure has been made to us.

5. LEGAL TITLE

Whenever possible, a private title search is conducted at the relevant Land Registry/Office but this is done to establish title particulars relevant to valuation only. Whilst we may have inspected the title of the property as recorded in the Register Document of Title, we cannot accept any responsibility for its legal validity or as to the accuracy and timeliness of the information extracted or obtained from the relevant Land Registry/Office.

6. TOWN PLANNING AND OTHER STATUTORY REGULATIONS

Information on Town Planning is obtained from the Structure Plan, Local Plan and Development Plans published by the relevant authority. Whilst we may make verbal enquiries, we do not normally carry out requisitions with the various public authorities to confirm that the property is not adversely affected by any public schemes such as road and drainage improvements. If reassurance is required, we recommend that verification be obtained from your lawyers or other professional advisors. Our Report is prepared on the basis that the premises and any improvements thereon comply with all relevant statutory regulations. It is assumed that they have been, or will be issued with a Certificate of Completion and Compliance by the competent authority.

7. LEASES AND TENANCIES

Enquiries as to the financial standing of actual or prospective lessees or tenants are not normally made unless specifically requested. Where properties are valued with the benefit of lettings, it is therefore assumed that the lessees or tenants are capable of meeting their obligations under the lease or tenancy and that there are no arrears of rent or undisclosed breaches of covenants and/or warranties.

8. DEVELOPMENT AGREEMENTS

Unless otherwise stated, no considerations are made in our valuation for any joint venture agreement, development right agreement or other similar contracts.

Asia

9. MEASUREMENTS

All measurements are carried out in accordance with the Uniform Method of Measurement of Buildings issued by the Institution of Surveyors, Malaysia.

10. SITE SURVEYS

We have not conducted any land survey to ascertain the actual site boundaries. For the purpose of this Valuation, we have assumed that the dimensions correspond with those shown in the title document, certified plan or any relevant agreement.

11. STRUCTURAL SURVEYS

Whilst due care has been taken to note building defects in the course of inspection, no structural surveys were made nor any inspection of woodwork or other parts of the structure, which were covered or inaccessible, were made. We are therefore unable to express an opinion or advice on the condition of uninspected parts and this Report should not be taken as making any implied representation or statement on such parts. Whilst any defects or items of disrepair may be noted during the course of inspection, we are not able to give any assurance in respect of any rot, termite or pest infestation or other hidden defects.

12. CONTAMINATION

We have not carried out investigations into the past and present uses of either the property or any neighbouring land to establish whether there has been any contamination or if there is any potential for contamination to the property and are therefore, unable to account and report for such contamination in our Report.

13. DELETERIOUS OR HAZARDOUS MATERIALS

No investigations have been carried out to determine whether or not any deleterious or hazardous materials had been used in the construction of the property (building) or had since been incorporated and we are therefore unable to account or report on any such material in our Report.

14. DISEASE AND INFESTATION

Whilst due care is taken to note the presence of any disease or infestation, we have not carried out any tests to ascertain possible latent infestations or diseases affecting crops or stock. We are therefore unable to account for such in our Report.

15. OUTSTANDING DEBTS

In the case of buildings where works are in hand or have recently been completed, no allowances were made for any liability already incurred, but not yet discharged, in respect of completed works, or obligations in favour of contractors, sub-contractors or any members of the professional or design team.

16. TAXATION, ENCUMBRANCES, STATUTORY NOTICES AND OUTGOINGS

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

17. VALIDITY PERIOD OF VALUATION REPORT

This Valuation is current as at the date of valuation only. The value assessed herein may change significantly and unexpectedly over a relatively short period (including as a result of general market movements or factors specific to the particular property). We do not accept liability for losses arising from such subsequent changes in value.

APPENDIX A

LOCATION PLAN

One Asia Property Consultants (KL) Sdn Bhd 829146A

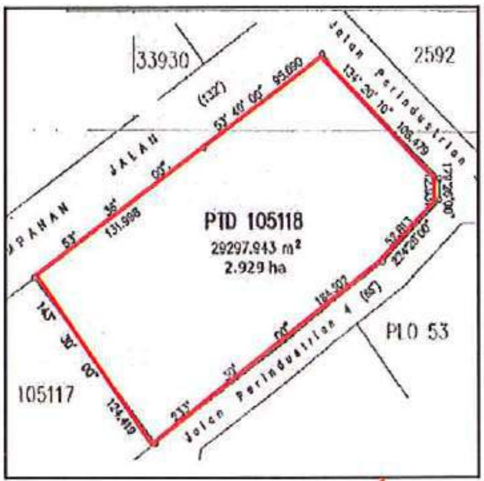
LOCATION PLAN

NOT TO SCALE	
FILE REF :	OAPC/JB/V-16/419/EDD
CHECKED BY :	KFF

APPENDIX B

SITE PLAN

One Asia Property Consultants (KL) Sdn Bhd 829146A



LOT NOS. PTD 105117 & PTD 105118
JALAN PERINDUSTRIAN 4
KAWASAN PERINDUSTRIAN SENAI II

SITE PLAN	**NOT TO SCALE**	
	FILE REF :	OAPC/JB/V-16/419/EDD
	CHECKED BY :	KFF

Asia

APPENDIX C

PHOTOCOPIES OF FLOOR PLANS

1.0 PELAN TAPAK

[illegible]

2.0 KEPERLUAN-KEPERLUAN AM

[illegible]

3.0 PERINGATAN

[illegible]

KIRAAN AKSES JENTERA BOMBA

BLOK A

ISIPADU BANGUNAN : 17,207M2 X 7.5"M HT = [illegible]

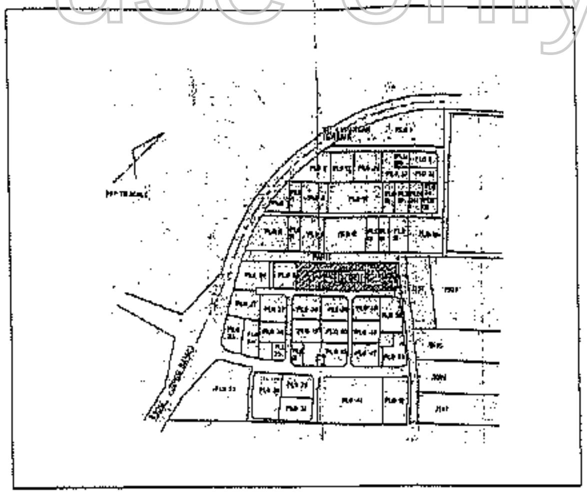
KADAR MINIMUM PERIMETER BANGUNAN = [illegible] (1:1200)

BLOK B

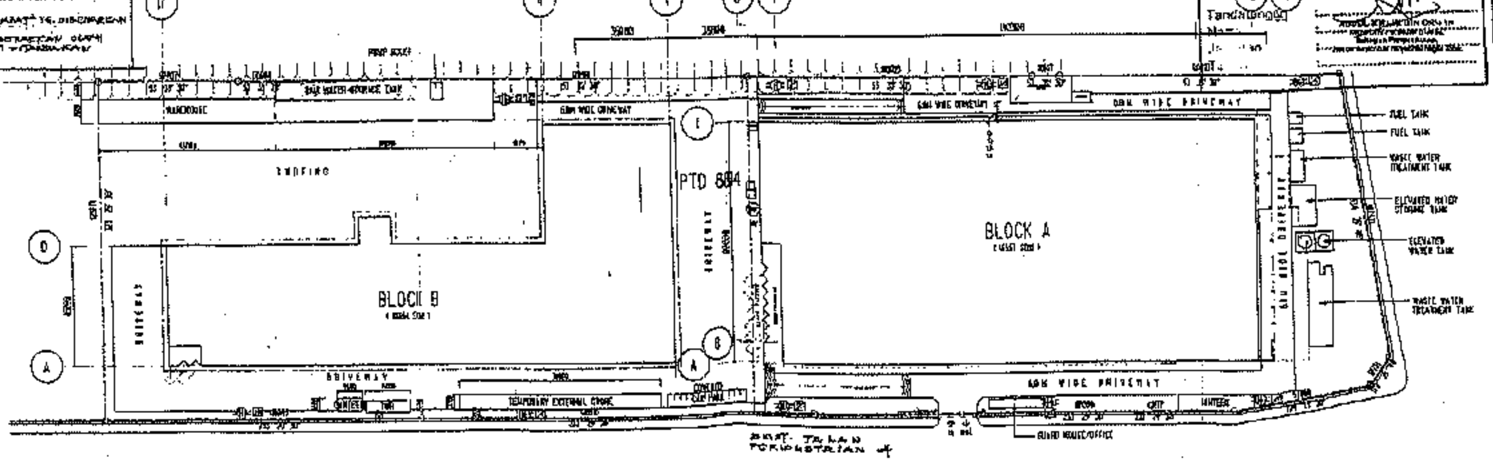
ISIPADU BANGUNAN : 10,268 X 7.5"M HT = 77,[illegible]M3

KADAR MINIMUM PERIMETER BANGUNAN = 1/(56000-84000)

ARKITEK SPEKTRUM



LOCATION PLAN
N.T.S



SITE PLAN
SCALE 1:800

PROPOSED FIRE HYDRANT

PELAN BAGI TUJUAN PERAKUAN BOMBA
JABATAN BOMBA DAN PENYELAMAT, MALAYSIA
NEGERI JOHOR DARUL TAKZIM

BIL. No. FAIL : JBPM : JH/010/4C

DISEMAK OLEH : 6/3/09

Tandatangan :
Nama : YOUSRI BIN M. TAHIR
Jawatan : PEGAWAI PERAKUAN BOMBA
Tarikh :

DISAHKAN OLEH:

Tandatangan
Nama
Jawatan
Tarikh

PLO 51, Jalan
Kawasan Perindustrian Senai 2
81400 Johor Bahru

SAYA MENGESAHKAN BAHAWA DETAIL-DETAIL DALAM PELAN-PELAN ADALAH MENURUT KEHENDAK-KEHENDAK UNDANG-UNDANG KECIL BANGUNAN SERAGAM DAN SAYA SETUJU TERIMA TANGGUNGJAWAB PENUH DENGAN SEWAJARNYA.

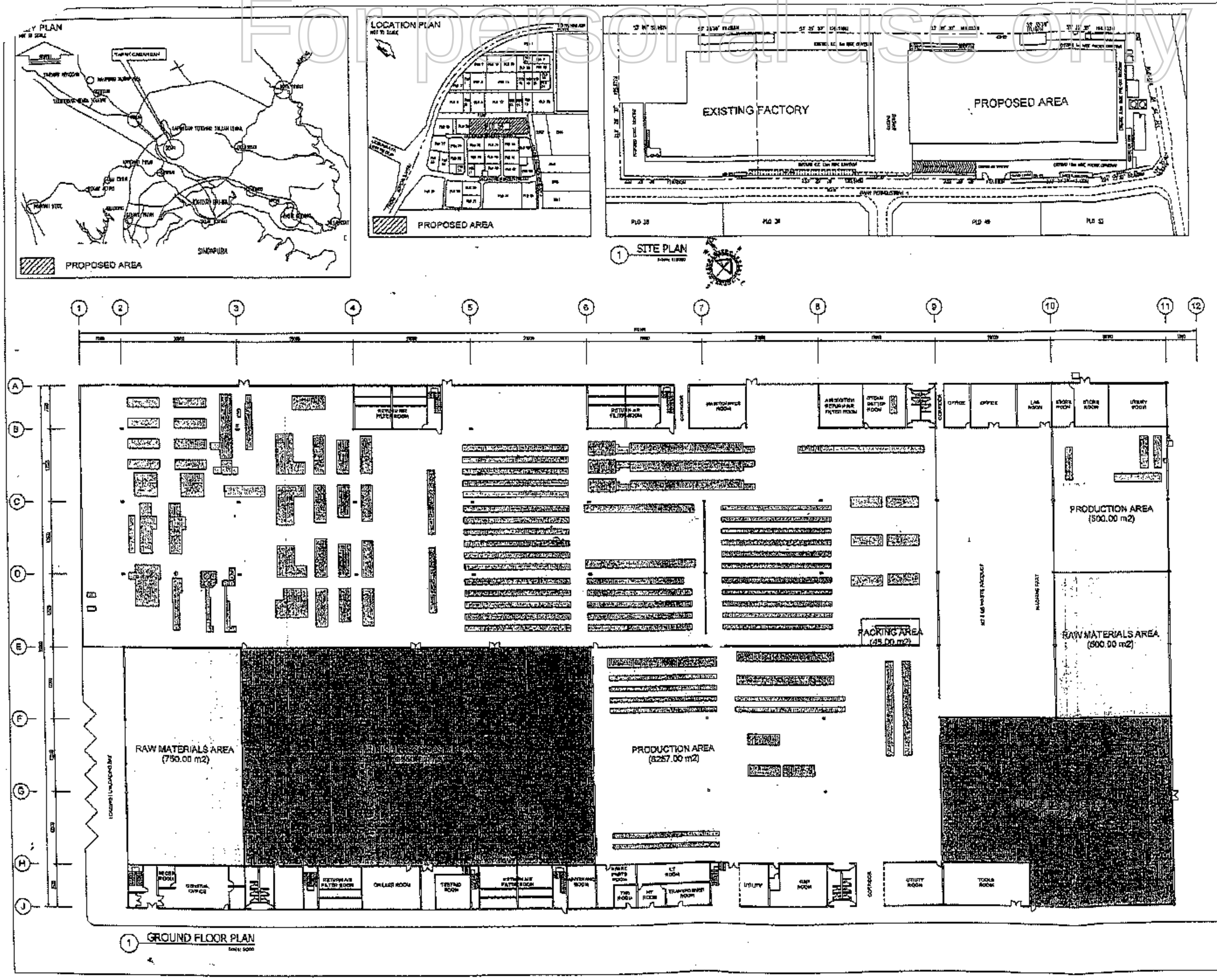
LIM WAIT KENG
ARKITEK SPEKTRUM

PELAN UBAHSUAI & TAMBAHAN BAGI 2 BLOK SEBUAH BANGUNAN KILANG 1-TINGKAT DENGAN ARAS MEZZANIN DI PLO 51 (LOT PTD 8814)
JALAN PERINDUSTRIAN 4
KAWASAN PERINDUSTRIAN SENAI 2
MUKIM SENAI-KULAI, JOHOR
UNTUK TETUAN
KUNG KENG TEXTILES (M) SDN. BHD.

LOCATION PLAN
SITE PLAN

date	FEB. 07	job no.	KKF/B/010T
scale	1:800	drawing no.	BS/01
drawn			
checked			

FOR SUBMISSION



CUDANG PENGILANGAN BERLESEN

KEJURUTERAAN ...(...01/LB-5/ ...)

PELAN DILULUSKAN

AHMAD BIN OMAR (B0/A321) PELUKIS PELAN BANGUNAN

AREA

LAND AREA = 57553.75 m2

BUILT UP AREA = 14830.50 m2

	RUANG PENGILANGAN (PRODUCTION AREA) = 8257.00 m2
	STOR BAHAN MENTAH (RAW MATERIAL) = 1250.00 m2
	RUANG MEMBUNGKUS (PACKING AREA) = 45.00 m2
	STOR BARANG SIAP (FINISHED GOODS STORE) = 3437.50 m2
	MESIN / JENTERA / KELENGKAPAN (PRODUCTION UNIT)
	PINTU KAWASAN MILANG

NO	DATE	UPDATE	REMARKS

NOTES

THIS DRAWING IS COPYRIGHT. CONTRACTORS MUST CHECK ALL THE DIMENSIONS ON SITE. ONLY FIGURED DIMENSIONS ARE TO BE WORKED FROM. DISCREPANCIES MUST BE REPORTED TO ARCHITECT IMMEDIATELY.

OWNER SIGNATURE AND ADDRESS

KUNG KENG TEXTILE (MALAYSIA) SDN. BHD.

Director

KUNG KENG TEXTILES (M) SDN. BHD.,
PLO 54, JALAN PERINDUSTRIAN 4,
KAWASAN PERINDUSTRIAN SENAI 2,
81400 JOHOR BAHRU, JOHOR DARUL TAKZIM.

DESIGNER / PELUKIS PELAN BANGUNAN

AHMAD BIN OMAR (B0/A321) PELUKIS PELAN BANGUNAN

AHMAD BIN OMAR
No. ..., Lorong 3,
..., Johor Bahru.

DESIGNER

ARZ Design

PROJECT MANAGEMENT, ARCHITECTURAL DESIGN & DRAFTING SERVICES

PROJECT TITLE

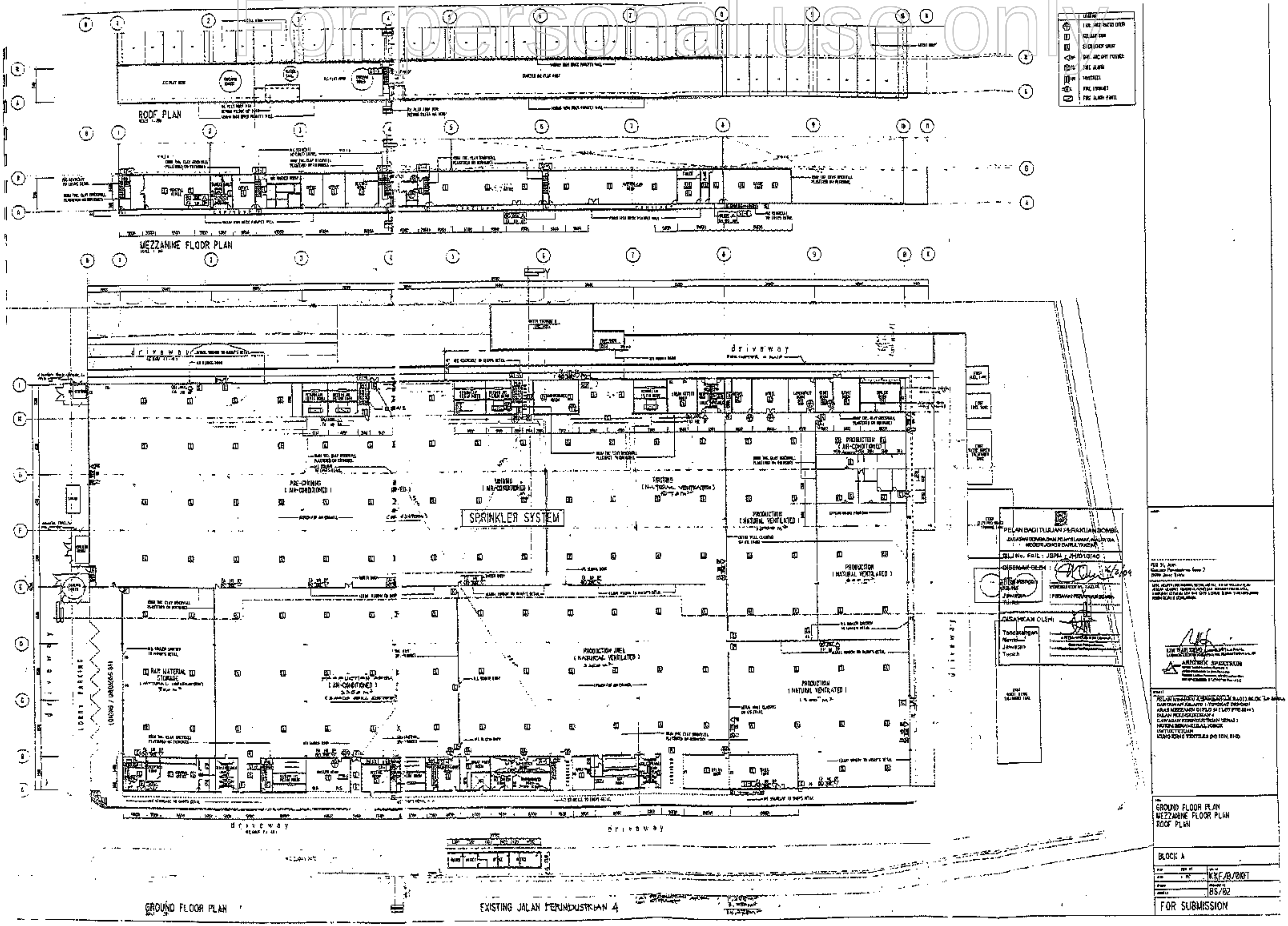
PELAN LANTAI
CUDANG PENGILANGAN BERLESEN
KEATAS KILANG SESEBUAH SETINGKAT,
DI PLO 54 (PTD 8814),
JALAN PERINDUSTRIAN 4,
KAWASAN PERINDUSTRIAN SENAI 2,
MUKIM SENAI KULAI,
JOHOR DARUL TAKZIM.
UNTUK
T/T KUNG KENG TEXTILES (M) SDN. BHD.

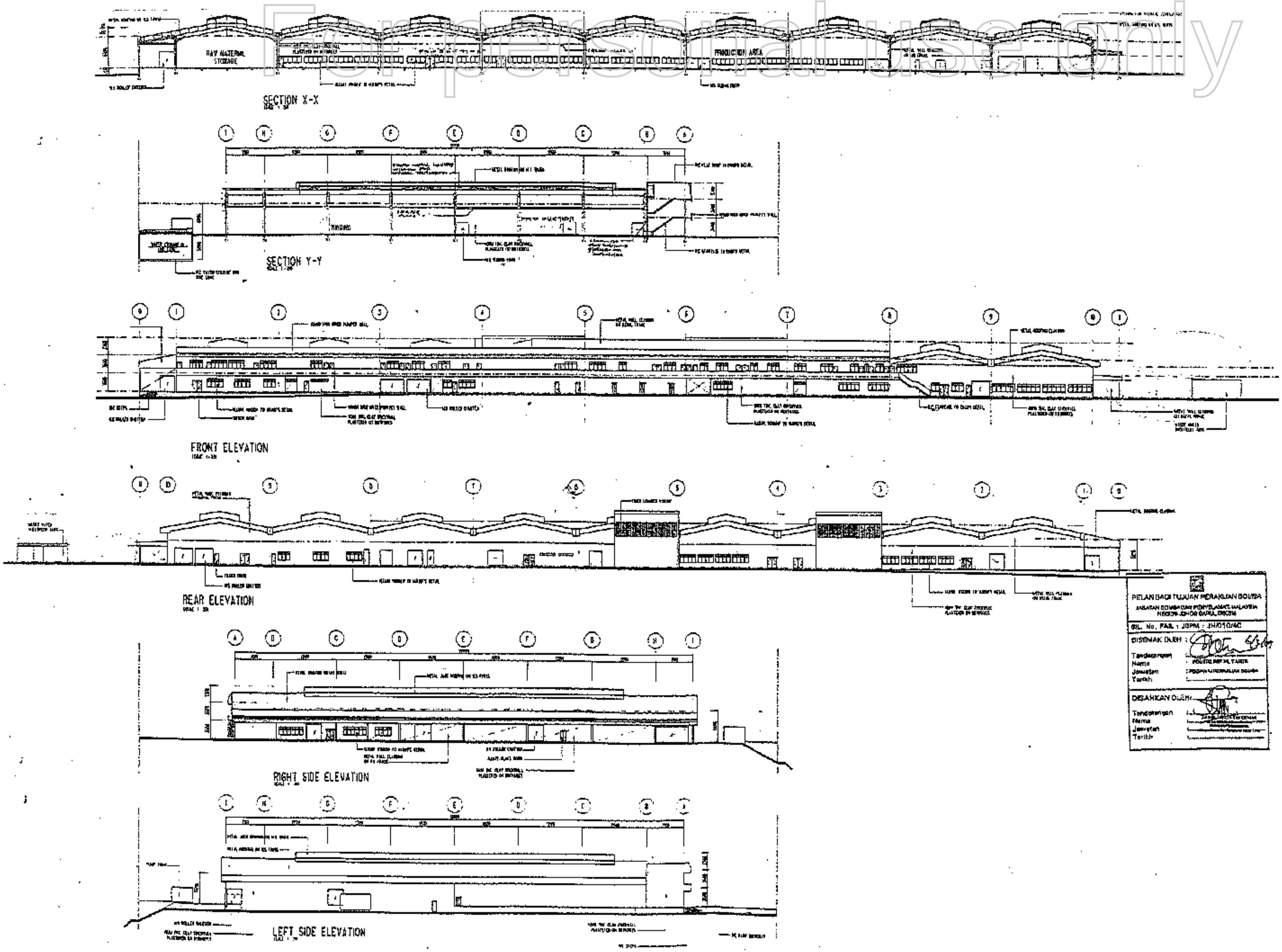
DRAWING TITLE

KEY PLAN, LOCATION PLAN AND SITE PLAN,
GROUND FLOOR PLAN

JOB NO	DRAWING NO
ARZ 08015	LMW-01

SCALE	DATE
NTS	18/11/08


ROOF PLAN
MEZZANINE FLOOR PLAN
GROUND FLOOR PLAN
driveway
SPRINKLER SYSTEM
PRE-CHINING
(AIR-CONDITIONED)
WINDING
(AIR-CONDITIONED)
TESTING
(NATURAL VENTILATED)
PRODUCTION
(NATURAL VENTILATED)
PRODUCTION
(AIR-CONDITIONED)
PRODUCTION AREA
(NATURAL VENTILATED)
PRODUCTION AREA
(AIR-CONDITIONED)
RAW MATERIAL
STORAGE
LORRY PARKING
EXISTING JALAN PERINDUSTRIAN 4
PELAN BAGI TUJUAN PERAKUAN BOMBA
JABATAN BOMBA DAN PENYELAMAT MALAYSIA
NEGERI JOHOR DARUL TAKZIM
DISEMAK OLEH
DISAHKAN OLEH
Tandatangan
Nama
Jawatan
Tarikh
ARKITEK SPEKTRUM
KUNG KING TEXTILES (M) SDN. BHD.
GROUND FLOOR PLAN
MEZZANINE FLOOR PLAN
ROOF PLAN
BLOCK A
KKF/B/00T
BS/02
FOR SUBMISSION



PELAN BAGI TUJUAN PERAKUAN BOMBA

Bil. No. FAIL : JBPM : JH/010/4C

DISEMAK OLEH :

Tandatangan
Nama
Jawatan
Tarikh

DISAHKAN OLEH :

Tandatangan
Nama
Jawatan
Tarikh

UNTUK TETUAN

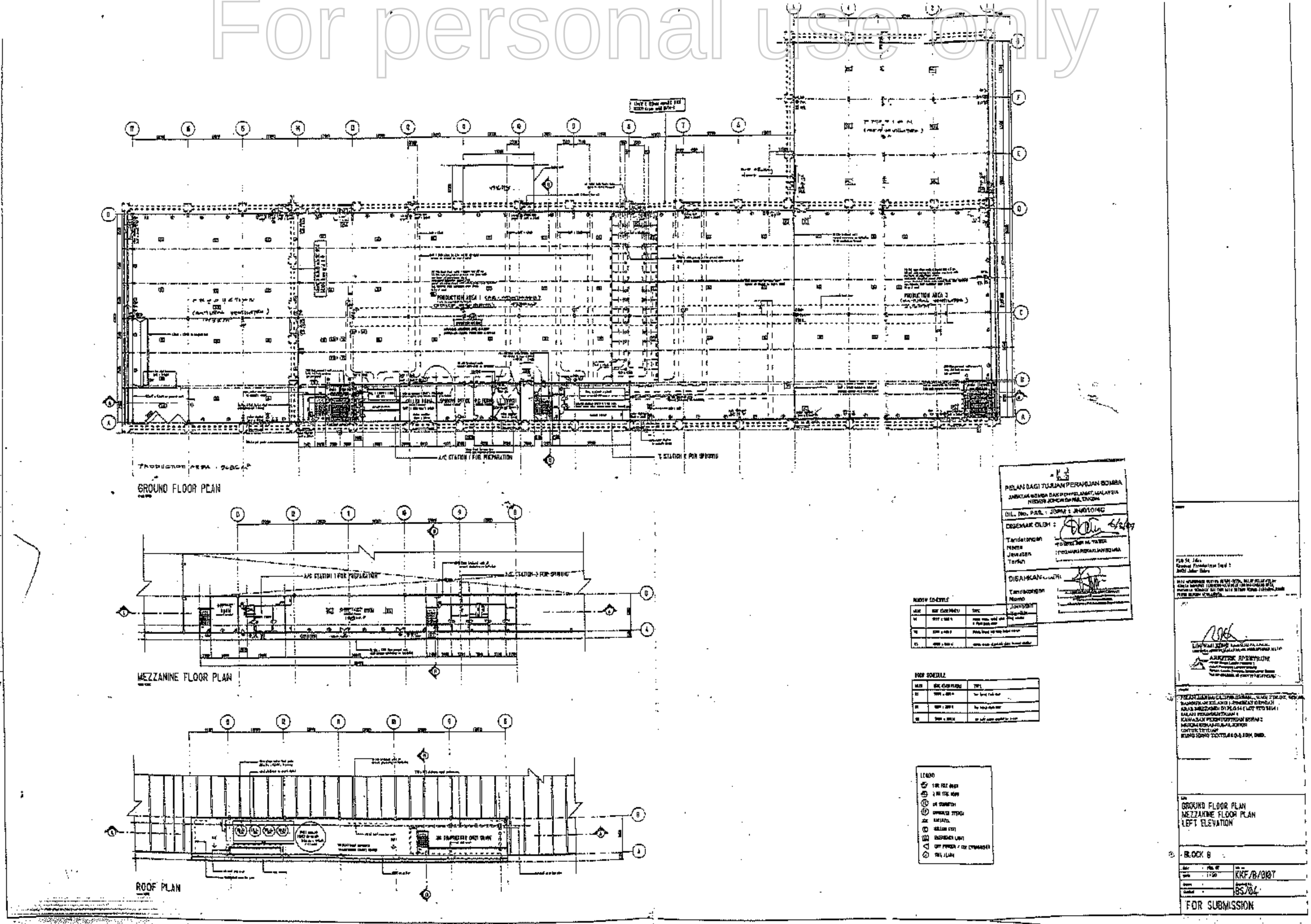
SECTIONS
ELEVATIONS

BLOCK A

KKF/8/0007

BS/03

FOR SUBMISSION


PRODUCTION AREA 1
PRODUCTION AREA 3
(NATURAL VENTILATION)
A/C STATION 1 FOR PREPARATION
A/C STATION 2 FOR SPINNING
GROUND FLOOR PLAN
MEZZANINE FLOOR PLAN
ROOF PLAN
DOOR SCHEDULE
LEGEND
PELAN BAGI TUJUAN PERAKUAN BOMBA
JABATAN BOMBA DAN PENYELAMAT, MALAYSIA
NEGERI JOHOR DARUL TAKZIM
DIL. No. FAIL : JBPM : JH/010/4C
DISEMAK OLEH :
Tandatangan
Nama
Jawatan
Tarikh
DISAHKAN OLEH
ARKITEK
GROUND FLOOR PLAN
MEZZANINE FLOOR PLAN
LEFT ELEVATION
BLOCK B
KKF/B/007
BS/04
FOR SUBMISSION

19. PELAN TAPAK

20. KEPERLUAN-KEPERLUAN AM

19 PERAKUAN

KIRAAN AKSES JENTERA BOMBA

BLOK A

ISIPADU BANGUNAN : 17,307M2 X 7.5M HT = 129,803M3

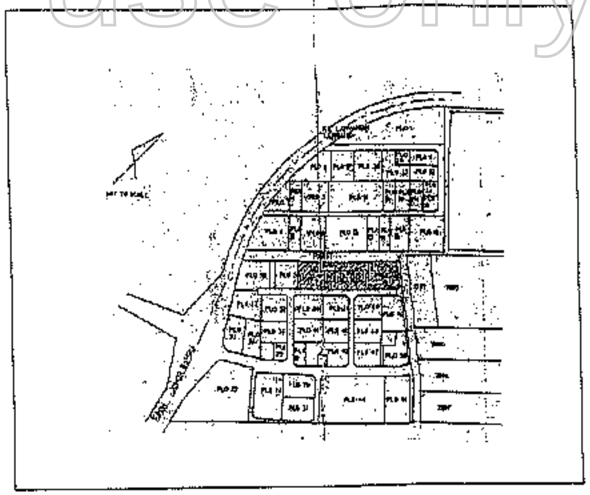
KADAR MINIMUM PERIMETER BANGUNAN = 1/4 (LX 112000)

BLOK B

ISIPADU BANGUNAN : 10,764 X 7.5M HT = 73,230M3

KADAR MINIMUM PERIMETER BANGUNAN = 1/6 (55000-84000)

ARKITEK SPEKTRUM



LOCATION PLAN

N.T.S

PELAN BAGI TUJUAN PERAKUAN BOMBA

JABATAN BOMBA DAN PENYELAMAT, MALAYSIA
NEGERI JOHOR DARUL TAKZIM

BIL. No. FAIL : JBPM : JH/010/4C

DISEMAK OLEH : 6/3/0?

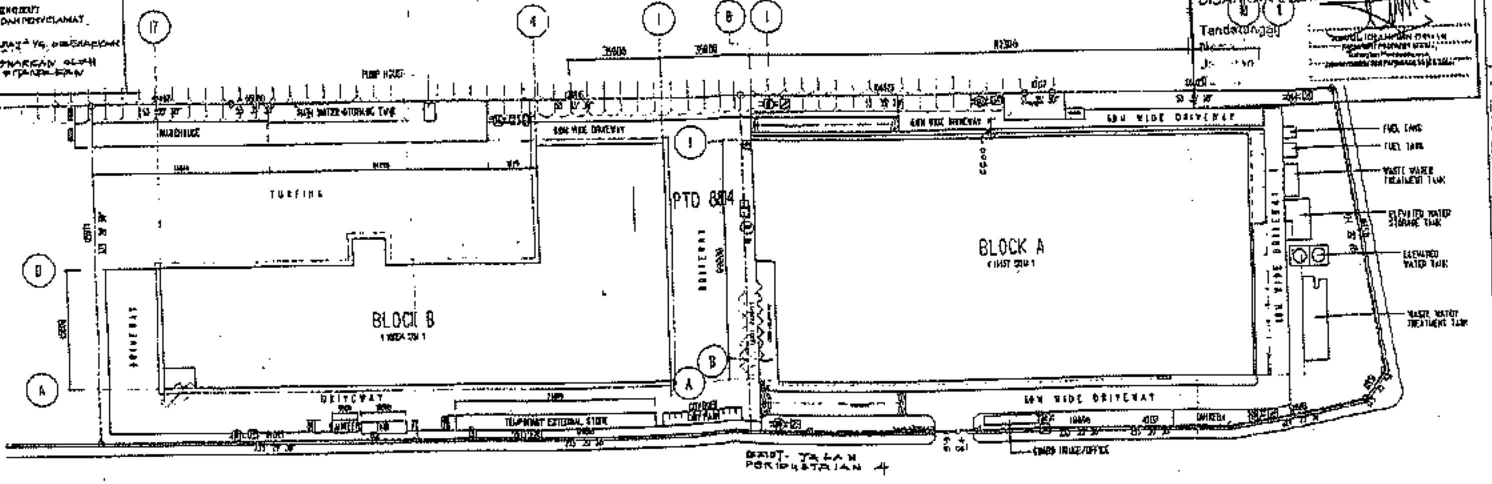
Tandatangan
Nama : YOUSRI BIN M. TAHIR
Jawatan : PEGAWAI PERAKUAN BOMBA
Tarikh

DISAHKAN OLEH :

Tandatangan

PLO 54, Jalan
Kawasan Perindustrian Senai 2
Johor Bahru

LIM WAI KENG
ARKITEK SPEKTRUM



SITE PLAN
SCALE 1:600

PROPOSED FIRE HYDRANT

PELAN CADANGAN TAMBAHAN BAGI 2 BLOK SEBUAH BANGUNAN KILANG 1-TINGKAT DENGAN ARAS MEZZANIN DI PLO 54 (LOT PTD 8814) JALAN PERINDUSTRIAN 4 KAWASAN PERINDUSTRIAN SENAI 2 MUKIM SENAI-KULAI, JOHOR UNTUK TETUAN KUNG KENG TEXTILES (M) SDN. BHD.

LOCATION PLAN
SITE PLAN

date : FEB. 07	job no. KKF/B/0107
scale : 1:600	drawing no. BS/01
drawn	
checked	

FOR SUBMISSION

APPENDIX D

PHOTOGRAPHS

One Asia Property Consultants (KL) Sdn Bhd 829146A

GENERAL VIEW OF THE SUBJECT PROPERTY

PTD 150117 (BLOCK B)

PTD 150118 (BLOCK A)

VIEWS OF THE SUBJECT PROPERTY

PHOTOGRAPHS	NOT TO SCALE	
	FILE REF :	OAPC/JB/V-16/419/EDD
	CHECKED BY :	KFF

One Asia Property Consultants (KL) Sdn Bhd 829146A

EXTERNAL VIEWS (PTD 105117 – BLOCK B)

WATER TREATMENT PLANT

PTD 150117 (BLOCK B)

WATER RETENTION POND

PHOTOGRAPHS	NOT TO SCALE	
	FILE REF :	OAPC/JB/V-16/419/EDD
	CHECKED BY :	KFF

One Asia Property Consultants (KL) Sdn Bhd 829146A

EXTERNAL VIEWS (PTD 105117 – BLOCK B)

CANTEEN

STORE

TNB SUB-STATION

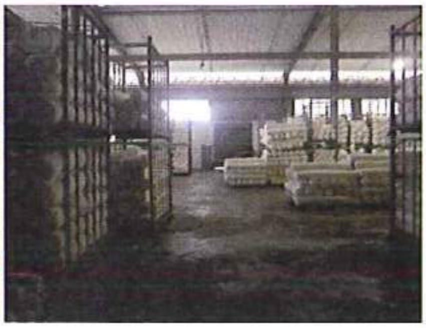
PHOTOGRAPHS	NOT TO SCALE	
	FILE REF :	OAPC/JB/V-16/419/EDD
	CHECKED BY :	KFF

One Asia Property Consultants (KL) Sdn Bhd 829146A

INTERNAL VIEWS (PTD 105117 – BLOCK B) - FACTORY



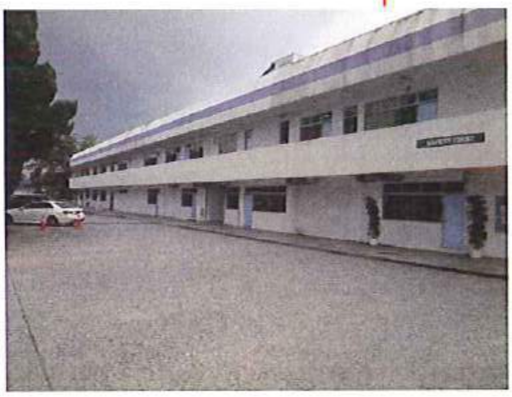


PHOTOGRAPHS	NOT TO SCALE	
	FILE REF :	OAPC/JB/V-16/419/EDD
	CHECKED BY :	KFF

One Asia Property Consultants (KL) Sdn Bhd 829146A

EXTERNAL VIEWS (PTD 105118 – BLOCK A)



PHOTOGRAPHS	NOT TO SCALE	
	FILE REF :	OAPC/JB/V-16/419/EDD
	CHECKED BY :	KFF

One Asia Property Consultants (KL) Sdn Bhd 829146A

INTERNAL VIEWS (PTD 105118 – BLOCK A) - OFFICE

RECEPTION

OFFICE ROOM

YARN SHOWROOMS

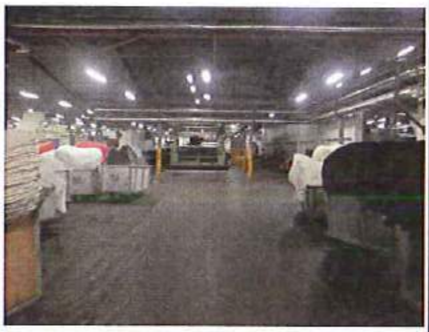
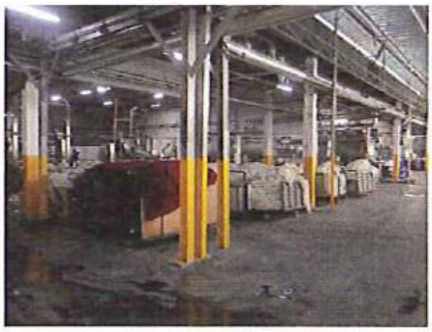
CHAIRMAN ROOM

PHOTOGRAPHS	NOT TO SCALE	
	FILE REF :	OAPC/JB/V-16/419/EDD
	CHECKED BY :	KFF

One Asia Property Consultants (KL) Sdn Bhd 829146A

INTERNAL VIEWS (PTD 105118 – BLOCK A) - FACTORY






PHOTOGRAPHS	NOT TO SCALE	
	FILE REF :	OAPC/JB/V-16/419/EDD
	CHECKED BY :	KFF

APPENDIX E

PHOTOCOPY OF TITLE SEARCH

CATATAN CARIAN PERSENDIRIAN

Adalah diperakui bahawa suatu carian persendirian telah dibuat mengikut Seksyen 384, Kanun Tanah Negara berkenaan tanah berikut :

Jenis dan No. Hakmilik	: **HSD 63570**	Nombor Lot	: **PTD 105117**
Bandar/Pekan/Mukim	: **Mukim Senai**	Tempat	:
Keluasan	: **2.793 Hektar**	Daerah	: **Kulai**
Nombor Syit Piawai	: **56 C IV & 59 D**	Nombor Pelan Akui	: **Tiada**
Taraf Pegangan *(Selama-lamanya atau Pajakan)*	: **Pajakan 60 tahun**	Tarikh Luput Pajakan *(Jika Berkenaan)*	: **14 Mei 2050**
Kawasan Rizab *(Jika Berkenaan)*	: **Tiada**		
Tarikh Daftar	: **2 Januari 2016**	Cukai Tanah	: **RM5,880.00**

Bahawa pada tarikh dan waktu perakuan ini dikeluarkan, butir-butir tanah tersebut adalah seperti berikut :

Kategori Kegunaan Tanah : **Perusahaan/Perindustrian**

Syarat Nyata : **i) Tanah ini hendaklah digunakan untuk kilang bagi tujuan Perusahaan Sederhana dan kegunaan lain yang berkaitan dengannya, dibina mengikut pelan yang diluluskan oleh Pihak Berkuasa Tempatan yang berkenaan. ii) Segala kekotoran dan pencemaran akibat daripada aktiviti ini hendaklah disalurkan / dibuang ke tempat-tempat yang telah ditentukan oleh Pihak Berkuasa Berkenaan. iii) Segala dasar dan syarat yang telah ditetapkan dan dikuatkuasakan dari semasa ke semasa oleh Pihak Berkuasa Berkenaan hendaklah dipatuhi.**

Sekatan Kepentingan : **Tanah yang dikurniakan ini tidak boleh dijual, dicagar, digadai, dipajak atau dipindahmilik dengan apa cara sekalipun, termasuk dengan cara menggunakan segala surat perjanjian yang bertujuan untuk melepaskan/menjual tanah ini, tanpa kebenaran Pihak Berkuasa Negeri.**

Pemilikan dan Alamat :

MAXIM TEXTILE TECHNOLOGY SDN. BHD. , No. Syarikat : 229878-X
1/1 bahagian
SUITE 1306, LEVEL 13 CITY PLAZA, JALAN TEBRAU 80300 JOHOR BAHRU

Tanggungan dan endosan-endosan lain :

CATATAN CARIAN PERSENDIRIAN

Adalah diperakui bahawa suatu carian persendirian telah dibuat mengikut Seksyen 384, Kanun Tanah Negara berkenaan tanah berikut :

Jenis dan No. Hakmilik	: **HSD 63571**	Nombor Lot	: **PTD 105118**
Bandar/Pekan/Mukim	: **Mukim Senai**	Tempat	:
Keluasan	: **2.929 Hektar**	Daerah	: **Kulai**
Nombor Syit Piawai	: **56 C IV & 59 D**	Nombor Pelan Akui	: **Tiada**
Taraf Pegangan *(Selama-lamanya atau Pajakan)*	: **Pajakan 60 tahun**	Tarikh Luput Pajakan *(Jika Berkenaan)*	: **14 Mei 2050**
Kawasan Rizab *(Jika Berkenaan)*	: **Tiada**		
Tarikh Daftar	: **2 Januari 2016**	Cukai Tanah	: **RM6,153.00**

Bahawa pada tarikh dan waktu perakuan ini dikeluarkan, butir-butir tanah tersebut adalah seperti berikut :

Kategori Kegunaan Tanah : **Perusahaan/Perindustrian**

Syarat Nyata : **i) Tanah ini hendaklah digunakan untuk kilang bagi tujuan Perusahaan Sederhana dan kegunaan lain yang berkaitan dengannya, dibina mengikut pelan yang diluluskan oleh Pihak Berkuasa Tempatan yang berkenaan. ii) Segala kekotoran dan pencemaran akibat daripada aktiviti ini hendaklah disalurkan / dibuang ke tempat-tempat yang telah ditentukan oleh Pihak Berkuasa Berkenaan. iii) Segala dasar dan syarat yang telah ditetapkan dan dikuatkuasakan dari semasa ke semasa oleh Pihak Berkuasa Berkenaan hendaklah dipatuhi.**

Sekatan Kepentingan : **Tanah yang dikurniakan ini tidak boleh dijual, dicagar, digadai, dipajak atau dipindahmilik dengan apa cara sekalipun, termasuk dengan cara menggunakan segala surat perjanjian yang bertujuan untuk melepaskan/menjual tanah ini, tanpa kebenaran Pihak Berkuasa Negeri.**

Pemilikan dan Alamat :

MAXIM TEXTILE TECHNOLOGY SDN. BHD. , No. Syarikat : 229878-X
1/1 bahagian
SUITE 1306, LEVEL 13 CITY PLAZA, JALAN TEBRAU 80300 JOHOR BAHRU

Tanggungan dan endosan-endosan lain :

Asia

APPENDIX F

PHOTOCOPY OF
ATRIUM ANNUAL REPORT 2015

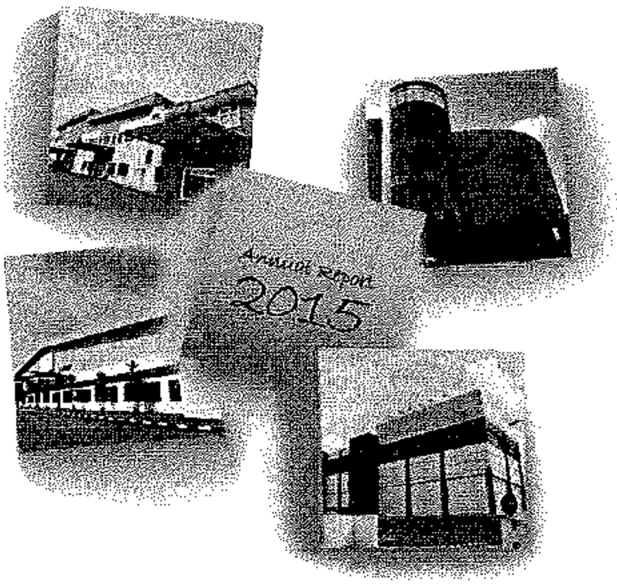
ATRIUM REIT

ATRIUM REAL ESTATE INVESTMENT TRUST

ATRIUM REAL ESTATE INVESTMENT TRUST

ANNUAL REPORT 2015

ATRIUM REIT



Contents

7.50%[1]

Gross Dividend Yield per annum

8.25 sen

Distribution Per Unit per annum

65.23%

Occupancy

24.96%

Gearing level

1.64%

Management Expense Ratio

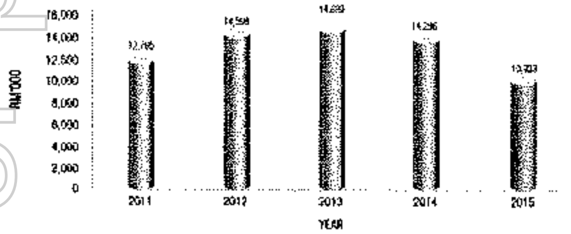
RM 1.41

Net Asset Value per unit

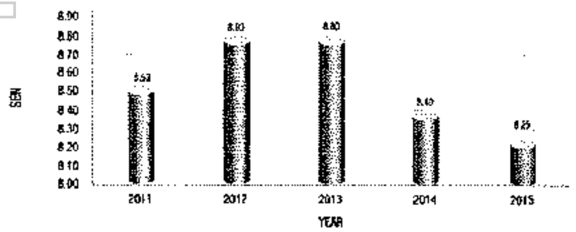
1 Based on closing market price on 31 December 2015

TOTAL INCOME AND REALISED NET INCOME

NET PROPERTY INCOME



DISTRIBUTION PER UNIT



Salient Features of the Fund

Name of Fund	: Atrium REIT
Fund Category	: Real Estate
Fund Type	: Growth and Income
Fund's investment objectives	: To maximise income in order to reward unitholders with annual stable distributions of income and to acquire quality assets to achieve long-term growth in the Net Asset Value per unit of the Fund
Fund investment strategy	: Aim to achieve the primary objectives of the Fund by implementing investment and growth strategies such as organic growth strategies, acquisition strategies and financing strategies
Term of the Trust	: Atrium REIT will continue its operation until such time as determined by the Trustee and the Manager as provided under the provision of Clause 19 of the Trust Deed dated 20 November 2006
Approved size of fund	: 121,801,000 units
Authorised investments	: Invest in real estates, single purpose companies, real estate-related assets, non-real estate-related assets and liquid assets At least 50% of the total asset value of Atrium REIT must be invested in real estate assets and/or single-purpose companies at all times; and Investment in non-real estate related assets and/or cash, deposits and money market instruments must not exceed 25% of Atrium REIT's total asset value.
Financial year end	: 31 December
Distribution policy	: At least 90% of the distributable income of Atrium REIT shall be distributed semi-annually or at such other intervals as determined by the Manager in its absolute discretion, in arrears
Borrowing limitations	: Up to 50% of the total asset value of the Fund at the time the borrowing is incurred.
Revaluation policy	: The real estates shall be revalued at least once every (3) years from the date of the last valuation (or such other times as required under the Securities Commission Guidelines on REITs), or at any time where the Trustee, the Manager or the independent auditor appointed by Atrium REIT reasonably believes that there has been a significant change in the value of real estates.
Redemption policy	: Unitholders have no right to request the Fund to repurchase their units while the units are listed.
Minimum initial investment	: Minimum of 100 units
Minimum additional investment	: Multiples of 100 units
Investor profile	: Suitable for investors who understand the risks related to the real estate industry and expect to benefit from the periodic distribution of income and long term growth of the Fund.
Board lot	: 100 units per board lot
Listing	: Main Board of Bursa Malaysia Securities Berhad
Bursa Malaysia Stock Number	: ATRIUM 5130

Chairman's Statement

Dear Unitholders,

On behalf of the Board of Directors of Atrium REIT Managers Sdn Bhd ("Manager"), once again I derive great pleasure of presenting to you the Annual Report of the Atrium Real Estate Investment Trust ("Atrium REIT" or "Trust") for the financial year ended 31 December 2015 ("FY2015").

Overview

For the FY2015, Atrium REIT completed the disposal of Atrium Rawang for a cash consideration of RM13.50 million. Atrium REIT's portfolio as at 31 December 2015 comprised four properties with a total net lettable area of approximately 393,748 square feet. As a result of the non renewal of the expired tenancy for Atrium Shah Alam 2 and the partial void in Atrium Puchong, portfolio occupancy dropped to 65.23% (2014: 78.25%). The Manager took the opportunity of the vacancy in Atrium Shah Alam 2 to carry out an Asset Enhancement Initiatives ("AEI"), the details of which are disclosed herein this Chairman Statement and the Manager's Report and did not immediately secure a new tenant for the said property. However, as at the date of this report, I am pleased to inform the unitholders that the Manager has since secured a new tenant and pending the execution of the tenancy agreement, the tenancy is targeted to commence in the second quarter of 2016.

Notwithstanding the above, a total of approximately 505,905 sq.ft of space was extended/rented/renewed during FY2015 with positive rental reversion which is expected to have a positive impact on the Trust's portfolio income.

In compliance to Clause 10.03 of the Securities Commission's Guidelines on REITs and the Malaysian Financial Reporting Standard 140, a revaluation was carried out by the Trust on its portfolio of properties at the close of FY2015. First Pacific Valuers Property Consultants Sdn Bhd, an independent registered valuer appointed to carry out the revaluation exercise, has adopted a combination of valuation methods in their assessments and a net fair value gain on revaluation of RM4.29 million has been duly reflected in the financial statements, giving a total value of asset under management of RM221.90 million.

Distribution per unit ("DPU") for FY2015 decreased to 8.25 sen per unit as a result of the temporary rental void in Atrium Shah Alam 2 and partial void in Atrium Puchong even though there was a capital distribution from the one-off gain on the disposal of Atrium Rawang. The decrease was further compounded by an increase in the property and Trust expenses. The total assets decreased to RM238.60 million while the gearing level reduced to 24.96% as at 31 December 2015, which provides significant debt headroom for future acquisitions.

Financial Performance

Atrium REIT registered gross revenue of RM12.67 million and net property income of RM10.90 million for FY2015, a decrease from RM16.15 million and RM14.29 million respectively, from the last financial year ended 31 December 2014 ("FY2014").

However, the Trust's net income before tax increased to RM15.58 million in FY2015 as compared to RM14.82 million for FY2014, as a result of a one off gain on disposal of Atrium Rawang, and an increase in other income during the current financial year even though the Trust's expenses increased substantially during the year. The increase in Trust's expenses is due mainly to the real estate agents' fees for lease renewal of Atrium Shah Alam 1, Atrium Puchong and disposal of Atrium Rawang.

As at 31 December 2015, Atrium REIT's NAV increased to RM173.27 million, representing a marginal increase of 2.83% y-o-y as a result of the fair value gain on revaluation of the Trust's investment properties.

Distribution to Unitholders

Atrium REIT has consistently strived to deliver sustainable and stable distributable income since its listing in 2007. The Board of Directors of the Manager has declared a final income distribution of 1.30 sen per unit in respect of the fourth quarter of FY2015, which shall be payable on 29 February 2016. The final income distribution, coupled with the aggregate interim income distributions during the financial year of 6.95 sen per unit, represents a total distribution per unit ("DPU") of 8.25 sen for FY2015 (FY2014: 8.40 sen). The distribution yield for FY2015 is 7.50% based on the Atrium REIT's closing market price of RM1.10 per unit as at 31 December 2015 (FY2014: 7.06% distribution yield at closing market price of RM1.19 per unit as at 31 December 2014).

14.7 Appendix G – Kulai Property Valuation Report

KGV International
Property Consultants

REPORT AND VALUATION

LOT NO 7962
MUKIM OF SENAI
DISTRICT OF KULAI
STATE OF JOHOR DARUL TAKZIM

****

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KGV International Property Consultants

RICS

Property Valuers
Machinery Valuers
Property Managers
Projects Managers
Auctioneers
Property Consultants
Real Estate Agents

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Megan Avenue II
12, Jalan Yap Kwan Seng
50450 Kuala Lumpur
Tel : (60)3-2161 5355
Fax: (60)3-2164 5355
Email: kl.valuation@kgvi-property.com

Other Office :
12-A-A, Jalan Todak 4
Pusat Bandar Seberang Jaya
13700 Prai, Penang
Tel : (60)4-398 8111
Fax: (60)4-398 8181
Email: pg@kgvi-property.com

Regulated by RICS

Our Ref : KGVA 21606073-J(ONG)

July 11 2016

Mr Daniel Coote
William Buck Corporate Advisory Services (NSW) Pty Ltd
Level 29, 66 Goulburn Street
Sydney NSW 2000

Dear Sir

Report and Valuation
Lot No 7962
Mukim of Senai
District of Kulai
State of Johor Darul Takzim

Pursuant to your instructions to advise on the present Market Value of the abovementioned property for the purpose of inclusion in an Independent Expert Report prepared by William Buck Corporate Advisory Services (NSW) Pty Ltd in connection with the proposed acquisition by GLG Corp Limited of all of the issued shares in G&G International Pte Ltd, we have inspected the same, made relevant investigations and herewith submit our report and valuation for your attention.

Market Value is the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's- length transactions after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

The subject property was inspected on **June 28 2016** by Ong Xue Ting. The date of inspection is taken to be the date of valuation.

KGV INTERNATIONAL PROPERTY CONSULTANTS (JOHOR) SDN BHD
(214438-H)
(Formerly known as KGV-Lambert Smith Hampton (Johor) Sdn Bhd)
UNIT 9-01, LEVEL 9, JOHOR BAHRU CITY SQUARE (OFFICE TOWER)
106-108, JALAN WONG AH FOOK, 80000 JOHOR BAHRU, JOHOR DARUL TAKZIM, MALAYSIA.
TEL: (6)07-224 2022 TELEFAX: (6)07-223 1366
E-mail: johor@kgviproperty.com
Internet: http://www.kgvi-property.com

1.0 THE SUBJECT PROPERTY

The subject property of this valuation comprises a single-storey detached factory-cum-warehouse with a 1 ½ - storey office annex identified as Building A and a single-storey detached factory identified as Building B. These buildings are sited on a piece of industrial land identified as Lot No 7962, Mukim of Senai, District of Kulai, State of Johor Darul Takzim. It is sited at the approximate 35.4th km (22.0th milestone), Johor Bahru – Air Hitam trunkroad, Kulai, Johor Darul Takzim.

2.0 PARTICULARS OF TITLE

We have conducted a title search at the Registry of Lands and Mines at Kota Iskandar, Iskandar Puteri, Johor on June 23 2016 and extracted details of the title document as shown in **Annexure I**. A copy of the said title search is attached as **Annexure I(a)**.

3.0 LOCATION

The subject property is sited at the approximate 35.4th km (22.0th milestone) Johor Bahru – Air Hitam trunkroad and the junction of Johor Bahru – Air Hitam trunkroad/ Jalan Gunung Pulai, Kulai, Johor Darul Takzim. Access to the subject property from the Kulai town centre is via the abovementioned trunkroad for approximately 3.0 km (1.9 miles) before reaching the subject property.

Geographically, the subject property is sited approximately 3.0 km (1.9 miles) north-west of the Kulai town centre while Johor Bahru city centre is sited approximately 37.0 km (23.0 miles) south-east of it.

For the purpose of easy identification, a Location Plan marked **Appendix A** with the subject locality circled in red is attached.

4.0 SURROUNDINGS

The subject locality comprises a mixture of industrial, commercial and residential developments. Some notable industrial premises are sited along and off Jalan Kulai – Air Hitam. These include those occupied by Ultra Mold Holdings Sdn Bhd, K-Plast Technology Sdn Bhd, Ivon Textile Recycling Sdn Bhd, Intra Mold Factory Sdn Bhd, Nam Heng Impex (M) Sdn Bhd, Yilai Industries Berhad, Kee Fatt Industry Sdn Bhd and HTL Letther Sdn Bhd.

Taman Kota Kulai is sited opposite the subject property while sited further to its south-west is Taman Putri Kulai. The latter is undertaken by Bunga Development Sdn Bhd. They comprise double- and three-storey shophouses, single- and double-storey terrace houses, single- and double-storey semi-detached houses and double-storey low-cost terrace houses. Sited further to its south-west and south-east are Taman Desa Mas, Taman Harmoni and Taman Sri Kulai Baru. They also comprise double- and three-storey shophouses, single- and double-storey terrace houses and double-storey low-cost terrace houses.

Sited further to the west of the subject property are Taman Permata and Taman Indah Jaya while Tesco Hypermarket is sited diagonally opposite the subject property and at the junction of Jalan Gunung Pulai and Jalan Johor Bahru – Air Hitam

Two economic markets known as Mas Market and Econsave are found in the locality. Econsave is sited within Taman Putri Kulai while Mas Market is sited within Taman Desa Mas.

The Kulai Toll Plaza of the North-South Highway is sited approximately 2.0 km (1.2 miles) to the south-west of the subject property while the KTM railway track runs a short distance to its north.

Planned industrial schemes are found in the broader locality. These include Desa Perindustrian Kulai, Desa Perindustrian Kulai I & II, Kawasan Perindustrian Sri Sengkang and Taman Perindustrian Sawit Baru. Other housing schemes found in the broader neighbourhood include Taman Lagenda Putra, Taman Desa Baiduri, Taman Nam Tak, Taman Sri Muhibah, Taman Kulai Permai, Taman Sentul, Taman Bukit Kulai, Taman Gunung Pulai and Taman Gemilang.

Agriculture lands planted with oil palms and rubber trees are found towards the north-west of the subject property.

The Kulai town centre serves as the main commercial and administrative centre for the locality.

5.0 DESCRIPTION OF PROPERTY

Land

The subject lot is a piece of triangular-shaped flat land with an original site area of 2.643 hectares (6.531 acres). However, we have noted that a portion of the subject land of approximately 0.427 hectare (1.056 acres) has been acquired by the relevant authorities. The net land area of the subject land after the said acquisition is approximately 2.216 hectares (5.475 acres).

It has a frontage onto an unnamed metalled service road runs along its southern boundary. This metalled service road runs parallel with Jalan Johor Bahru – Air Hitam and lies approximately 3.0 metres (10.0 feet) higher than the latter.

Topographically, the subject land has a flat physical terrain and is slightly higher than its adjoining properties.

Buildings

Erected upon the land are a single-storey detached factory-cum-warehouse with a 1 ½ - storey office annex identified as Building A and a single-storey detached factory identified as Building B. These buildings are approximately 23 years old.

The buildings were certified fit for occupation by Majlis Daerah Kulai vide a Certificate of Fitness for Occupation bearing Reference No MDK.4/2-8/91K Bil Sijil 59/93 dated August 16 1993.

A copy of the said certificate is attached as **Annexure II**.

We have noted that some changes have been done to the internal layout of the first floor of Building A approximately 6 years ago. We have also noted that the passage between Building A and Building B had been covered to facilitate the movements between the 2 buildings. However, there were no major structural changes done to the buildings since their completion.

At the time of our inspection, we have noted that the buildings were owner-occupied.

Appendix B gives the Site Plan with the subject lot edged in red while **Appendix C** gives the General Layout Plan showing the subject premises.

1) Single-storey detached factory-cum-warehouse with a 1 ½ - storey office annex identified as Building A	**Construction of the building is as follows:**
Structure	Reinforced concrete structure and mild steel portal frameworks
Roof	Metal-deck roofing
Walls	Cement plastered brickwalls
Floors	**<u>Ground floor</u>** Concrete laid over hardcore **<u>First floor</u>** Reinforced concrete slabs

Accommodation and Floor Finishes

Ground floor

Reception	Ceramic floor tiles
Mechanic Room	Plain cement rendering
Marker Room	Plain cement rendering
General Office	Carpeted flooring
Cutting Office	Plain cement rendering
Sick Bay	Plain cement rendering
Accessories Store	Plain cement rendering
Accessories Office	Plain cement rendering
Accessories QC	Plain cement rendering
Offline Sewing	Plain cement rendering
Cutting (Sample Room)	Plain cement rendering
Document Room	Plain cement rendering
Cutting Department	Plain cement rendering
Sewing Department	Plain cement rendering
Machine Area	Plain cement rendering
Accessories Stock Lot	Plain cement rendering

Fabric Stock Lot	Plain cement rendering
Cut Pieces for EM / Print Area	Plain cement rendering
Cut Pieces Area	Plain cement rendering
Fabric Relax for Cutting Area	Plain cement rendering
Hydraulic Cutting Area	Plain cement rendering
Ironing Area	Plain cement rendering
Packing Area	Plain cement rendering
Completed Garment Area	Plain cement rendering
Cutting Area	Plain cement rendering
C-Pat Zone	Plain cement rendering
Fabric Relaxing Area	Plain cement rendering
Embroidery Department	Plain cement rendering
Chemical Area	Plain cement rendering
Shipping Scan	Plain cement rendering
Training New Workers Area	Plain cement rendering

TNB Sub-station	Plain cement rendering
Lab Test	Plain cement rendering
4 Buyer QC Rooms	Plain cement rendering
QA & QA Room	Plain cement rendering
Male & Female Toilets	Ceramic floor tiles
Male & Female Prayer Rooms	Plain cement rendering
Maintenance / Mechanic Room	Plain cement rendering
2 Loading Areas	Plain cement rendering
First floor	
2 Show Rooms	Ceramic floor tiles
2 Office areas	Ceramic floor tiles
Sample Room	Ceramic floor tiles
2 IT Rooms	Ceramic floor tiles
Meeting Room	Ceramic floor tiles
Account Department	Ceramic floor tiles

Internal Wall Finishes	Emulsion paint and glazed wall tiles to the wet areas
Ceiling Finishes	**Ground floor** Roof underlay covered with fibreglass wools enclosed with aluminium foil and wire meshes and gysum boards with T-angle aluminium-framed support with inset lightings **First Floor** Gypsum plastered boards with inset lightings
Main Entrances	Hardwood doors and metal roller shutter doors (Factory) and frameless tempered glass panels doors and hardwood doors (Office)
Internal Doors	Fire-rated doors and timber doors
Windows	Aluminium-framed glass panels and adjustable glass louvres
Facilities	Telephone, electrical and plumbing and fire fighting facilities such as water sprinkle system, fire break glass & alarm and fire hose reels
Condition of Building	Fair
Gross Floor Area	Main floor area 11,761.5 sq m (126,603.8 sq ft) Ancilary floor area 432.0 sq m (4,650.2 sq ft) Gross floor area 12,193.5 sq m (131,254.0 sq ft)

2) Single-storey detached factory identified as Building B	**Construction of the building is as follows:**
Structure	Reinforced concrete structure and mild steel portal frameworks
Roof	Metal-deck roofing
Walls	Cement plastered brickwalls
Floor	Concrete laid over hardcore

Accommodation and Floor Finishes

Fabric Store	Plain cement rendering
Fabric Office	Plain cement rendering
Piping Area	Plain cement rendering
Machine Area	Plain cement rendering

Internal Wall Finishes	Emulsion paint and glazed wall tiles to the wet areas
Ceiling Finishes	Roof underlay covered with fibreglass wools enclosed with aluminium foil and wire meshes
Main Entrances	Metal roller shutter doors and fire-rated doors
Internal Doors	Fire-rated doors and timber doors
Windows	Aluminium-framed glass panels and adjustable glass louvers

Facilities	Telephone, electrical and plumbing and fire fighting facilities such as water sprinkle system, fire break glass & alarm and fire hose reels.
Condition of Building	Fair
Gross Floor Area	1,872.0 sq m (20,150.7 sq ft)
3) Ancilary Buildings	**a) 2 Guard Houses**

These guard houses are single-storey detached buildings sited at the 2 entrances of the subject property. Construction of each of the building is basically of reinforced concrete structure bearing a metal-deck roofing The walls are of cement plastered brickwalls. The floor is of concrete laid over hardcore finished with cement screeded. The main entrance is secured with flushed plywood doors. The windows are of aluminium-framed glass panels. The total gross floor area of these 2 buildings is approximately 22.7 sq m (244.0 sq ft).

b) Pump House

This is a single-storey open-sided detached building. Construction of the building is of mild steel portal framework bearing a metal-deck roofing. The floor is of concrete laid over hardcore finished with cement screeded. The gross floor area of the building is approximately 14.9 sq m (160.0 sq ft).

c) Bin Centre

This is a single-storey detached building enclosed with plastered brickwalls. Construction of the building is of mild steel portal framework bearing a metal-deck roofing. The floor is of concrete laid over hardcore finished with cement screeded. The gross floor area of the building is approximately 18.6 sq m (200.0 sq ft).

Plans and Photographs

Appendices D and D1 gives the Building Layout Plans while photographs of the subject property are shown in **Appendices E to E8**.

Other Land Improvements

Two units of electronically-automated sliding m.s entrance gates, plastered brickwalls fencing (part of the front section), chain-link fencing (remaining boundaries), concrete driveway, concrete compound, septic tank, water tank and surface drains.

6.0 SERVICES

Public utilities such as water and electricity supplies are available in the locality and are connected to the subject property. Sewage disposal is by means of modern sanitary system.

Public transportation in the form of buses and taxis is available along the Johor Bahru – Air Hitam trunkroad.

Domestic shopping can be done at the Kulai town centre.

7.0 TOWN PLANNING CONSIDERATION

The subject property is stipulated in the title document for light industrial use.

8.0 MARKET OUTLOOK

In Quarter 1 of 2016, the property market of Johor State softened with a significant drop in the volume of transactions. However, the value of transactions has shown a substantial increase as compared to Quarter 4 of 2015. A total of 9,450 transactions worth RM6.24 billion were recorded in Quarter 1 of 2016 as compared to Quarter 4 of 2015 with a recorded volume of transaction of 11,389 transactions worth RM5.10 billion. It indicates that the volume of transactions was down by 17.0% but the value increased by 22.5% as compared to Quarter 4 of 2015.

As for the industrial sub-sector, it accounted for 1.8% of the total number of transaction in the Quarter 1 of 2016. Its volume and value of transactions had decreased by 18.4% and 24.3% respectively as compared to Quarter 4 of 2015.

Kulai, one of the districts within Johor State had experienced a significant decrease in both volume and value of transactions in the Quarter 1 of 2016, with a recorded volume of 22 transactions compared to 28 transactions in the Quarter 4 of 2015. It showed a decrease of 21.4% in the volume of transactions.

Similarly, the transacted value of industrial sub-sector in the Quarter 1 of 2016 has also decreased substantially with a recorded value of RM63.28 million as compared to RM76.51 million in the Quarter 4 of 2015. This indicates a decrease of 17.3% as compared to Quarter 4 of 2015.

It is expected that the property market in 2016 will remain challenging. However, the state's property market is expected to sustain its performance backed by some future developments in the pipeline. In Budget 2016, RM18 billion has been allocated for the Refinery and Petrochemical Development Project (RAPID) in Pengerang. This allocation is expected to help spur the development synergy in the Eastern Gate area particularly the development of the Pengerang Integrated Petroleum Complex (PIPC), thus shifting away the magnitude from Iskandar Puteri and Johor Bahru. This project which will create job opportunities and down stream industrial activities and is expected to have a spill-over effect in areas such as Johor Bahru and Kulai, where the subject property is located and other established industrial areas in Kulai such as Kulai Industrial Park, Desa Perindustrian Kulai, Kawasan Perindustrian Indahpura, Kawasan Perindustrian Senai I, II, III and IV.

The other catalytic development that will spur the state's economic growth is the construction of the Southern Corridor High Speed Rail (HSR) which will commence in the end-2016, the proposed linkage of Rapid Transit System from Singapore and the transformation plan to rejuvenate Johor Bahru's old city into an international business district in November 2015 called Ibrahim International Business District (IIBD).

The substantial increase in the foreign investment in industrial sector will also bring the positive impact to the property market in Iskandar Malaysia particularly in industrial sub-sector. The Kulai district where the subject property is located is one of the development corridors under the Iskandar Malaysia Dvelopment Region. Amongst the latest committed investment from foreign and local investors that will offer opportunities for vibrant economic growth are:

- New production base in Tanjung Langsat with an initial investment of RM421 million by a Japanese manufacturer, SDP Global Co Ltd that is expected to start its construction in May 2016;
- Relocation of Coca-cola Singapore Beverages plant to Iskandar Malaysia after shutting its plant in Singapore;
- Construction of new manufacturing facility by Fuji Oil Asia Pte Ltd, a subsidiary of Fuji Oil Group with its headquarters in Osaka, Japan. The company has leased a parcel of industrial land measuring about 9.9 hectares in Senai Airport City (SAC), Iskandar Malaysia for a period of 60 years for RM53.9 million;
- New RM1.1 billion sugar refinery that is expected to complete in end of year 2017 by MSM Malaysia Holdings Bhd in Tanjung Langsat;
- A 283.7 hectares Sedenak Iskandar Data Hub (SIDH), the country's second data hub is ready to attract digital-based companies worldwide to set up operations.

In addition, the improvement and enhamcement of the accessibility and connectivity between Kulai District and other major rapid development areas such as Johor Bahru, Iskandar Puteri and Pengerang with the completion of several major infrastructures such as the Senai-Desaru Highway, interchange sited at Bandar Indahpura and Esatern Dispersal Link will further stimulate the industrial activities around the subject locality. Its close proximity to Senai Airport and the Senai Cargo Hub are additional advantges to the development of industrial sector in the locality.

Others factors are the strong collaboration between the government of Singapore and Johor which encourage the people from the island state to invest in Johor Bahru, the push factors from the state island such as expensive cost of operational and living cost, high land cost and high price of retail space, coupled by the attractive pull factors which were initiated by Iskandar Development Region.

(Source :, Property Market Report 1st Quarter of 2016, Property Market Report 2015 and KGV International Property Consultants Research)

9.0 METHOD OF VALUATION

In arriving at the Market Value of the subject property, we have adopted the Cost Method while the Investment Method is used as a cross-check.

A. <u>Cost Method</u>

To arrive at our opinion of the present Market Value of the Subject Property, we adopt the Cost Method. Under this method, the value of the land and the buildings are separately determined and a summation of these values is taken to be the Market Value of the Subject Property as an integral whole.

The value of the land is arrived at by the Comparison Method which entails comparing the land with recent sales and/or listings of similar properties in the vicinity, or if not available within similar localities. As no two properties are often identical, adjustments are then made for differences in factors such as location, physical characteristics and time element. Professional judgement is called upon in interpreting available data and making the adjustments.

The value of the buildings is arrived at by determining the Depreciated Replacement Cost, where the value of the buildings is taken to be equal to the current cost of replacing the buildings in their existing condition, and making the necessary allowances for physical depreciation/obsolescence, age and condition of the buildings.

Our investigations revealed that similar industrial lands in the locality and comparable localities are currently being transacted/listed from RM403.66 to RM495.16 per sq m (RM37.50 per sq ft to RM46.00 per sq ft). The actual market value is dependent on its location, accessibility, size, topography, shape and the extent of improvement done among other pertinent factors. In particular, we have noted that PTD No 108317, a piece of industrial land sited along Persiaran Indahpura Utama, Indahpura Industrial Park, Kulai with a land area of approximately 0.405 hectare (1.001 acres) were transacted on March 18 2015 at RM2,003,760 or RM495.16 per sq m (RM46.00 per sq ft).

Lot No 104286, a piece of industrial land sited along Jalan Suasa, Kulai Industrial Park, Kulai with a land area of approximately 0.711 hectare (1.756 acres) was transacted on July 1 2014 at RM2,868,188 or RM403.66 per sq m (RM37.50 per sq ft).

We have also noted that Lot No 58843, a piece of industrial land sited along Jalan Tanjung 27/1, Indahpura Industrial Park, Kulai with a land area of approximately 0.598 hectare (1.477 acres) was transacted on June 11 2014 at RM2,927,700 or RM489.88 per sq m (RM45.51 per sq ft).

A schedule of the Sale Comparables is shown in **Appendix F**.

As for the costing of the buildings, we have made reference to the **Construction Cost Handbook Malaysia 2016** compiled by Davis Langdon & Seah (Malaysia) Sdn Bhd in collaboration with Juru Ukur Bahan Malaysia as well as the recent construction costs of similar factories/ warehouses compiled, verified, analysed and kept by us.

Details of the adjustments made on the sale comparables are shown in **Appendix G** while the details of valuation working by using the Cost Method is shown in **Appendix H**.

B. Investment Method

We have also used the Investment Method as a cross-check. In the Investment Method, the actual current rental income as well as the expected gross future rental income from the Subject Property is taken into consideration. A sum reflecting the outgoings which include maintenance cost and other day-to-day running expenses, insurance and sinking fund for future refurbishment and upgrading is deducted from the gross rental income to arrive at the net income. The net income is then capitalized at an appropriate rate of return to arrive at the open market value.

(i) Market Rental

Our investigations reveal that similar industrial premises in and around the localities are currently being rented/listed from RM10.55 to RM15.07 per sq m (RM0.98 to RM1.40 per sq ft) per month depending on its location, accessibility, visibility, land size, floor size, type of construction, specifications, design, quality of finishes, the extent of renovation done and the condition of the building among other pertinent factors.

Rental evidences of similar industrial premises in and around the locality are as follows:-

Lot No/Location	Premises	Built-up Area	Gross Monthly Rental per square meter (per sq ft)	Term and Commencement Date
PTD No 182030 No 2, Jalan SiLC 2/2, Kawasan Perindustrian SiLC, 79200 Nusajaya, Johor	A single-storey factory with 1 ½ - storey office annexed	4,504.45 sq m (48,487.11 sq ft)	RM12.92 psm (RM1.20 psf)	3 years term Commenced from December 2 2015
PLO 126 to PLO 129, Jalan i-Park 1/10, Kawasan Perindustrian i-Park, Bandar Indahpura, Kulai, Johor	4 units of single-storey detached factories with annexed double-storey office	26,784.81 sq m (288,318.73 sq ft)	RM15.07 psm (RM1.40 psf)	3+3+3 years term Commenced from August 1 2015
Lot 211, Jalan Seelong, Senai, Johor	A single-storey detached factory	11,657.00 sq m (125,479.00 sq ft)	RM10.55 psm (RM0.98 psf)	3 years term Commenced from May 15 2013

Note:

Our investigations revealed that the current rental paid/asking rentals of similar buildings within the similar locality are in the region from RM0.98 per sq ft to RM1.40 per sq ft. Therefore, we have adopted a base rental rate of RM1.00 per sq ft for the single-storey detached factory with a one and half-storey office annexed and a base rental rate of RM0.80 per sq ft for the single-storey factory.

(ii) <u>Outgoings</u>

Outgoings for the subject property include quit rent, assessment, insurance premium and repair and maintenance costs.

We have cross checked with other similar industrial premises and found that the outgoings range from 10% to 12% of gross income rental. At such, we have adopted the outgoings of 10% in our computation of market value by Investment Method.

(iii) <u>Void</u>

We have adopted 10% void for risk of vacancy and uncertainty.

(iv) <u>Yield Analysis</u>

The yields of industrial premises are dependent on many factors such as location, accessibility visibility/ exposure, design and specification of the building, size of the building, type of construction, specifications, quality of finishes, the extent of renovation done and the condition of the building among other pertinent factors.

Appendix I shows the analysis of yield on the industrial premises in Johor State.

In our yield analysis, we have noted that the existing yields of industrial premises in Johor Bahru are in the region of about 6.8% to 7.5%.

Therefore, we have adopted the net yield at 7.0% in our valuation.

Appendix J gives the computation of market value with the above parameters by using Investment Method.

10.0 RECONCILIATION

The Market Values derived from the Cost Method and Investment Method (cross-check method) are RM21,000,000 and RM20,000,000 respectively as tabulated below:

Method of Valuation	Market Value
Cost Method	RM21,000,000
Investment Method	RM20,000,000

In reconciling our opinion of the present Market Value of the Subject Property, we have adopted the market value of the Subject Property derived from the **Cost Method** as it is the most suitable method due to the fact that the Subject Property is presently occupied by the owner and is not meant for the purpose of generating income from rental.

Premised on the foregoing and with due consideration to all other factors relevant to our valuation, we are of the opinion that the present Market Value of the Subject Property, free from all encumbrances and with vacant possession is **RM21,000,000 (RINGGIT MALAYSIA TWENTY-ONE MILLION ONLY).**

Yours faithfully
KGV INTERNATIONAL PROPERTY CONSULTANTS

Sr NG KAY SOON
B Surveying (Hons) Property Management
Director (Valuation)
(Registered Valuer V636)

ONG/-
(KGVA 21606073-J)

Annexure I

Particulars of Title Document

Property	Lot No 7962 Mukim of Senai District of Kulai State of Johor Darul Takzim
Title	HS(D) No 24831
Interest	Freehold
Land Area	Titled at 2.643 hectares (6.531 acres) Note: However, a portion of the subject land of approximately 0.427 hectare (1.056 acres) has been acquired by the relevant authorities. The net land area of the subject land after the said acquisition is approximately 2.216 hectares (5.475 acres).
Annual Rent	RM4,800.00 per annum
Category of Land Use	Industrial
Registered Proprietor	MAXIM TEXTILE TECHNOLOGY SDN BHD

Express Conditions

1. The land shall be used only for Light Industrial purpose, particulary for Furniture of Leather and Fabrics and other related purposes, built in accordance to the plans approved by the relevant local authorities.

2. All filthiness and pollutants resulted from this activities should be channelled / discharged to places determined by the relevant authorities.

3. All policies and conditions which have been determined and enforced from time to time by the relevant authorities should be followed.

Restriction-in-Interest

Nil

Note:
The English translation for express conditions above is our own interpretation. We recommend that a solicitor to be appointed for the above translation.

Encumbrances

The subject property is presently charged four times to UNITED OVERSEAS BANK (MALAYSIA) BHD as follows:-

No	Presentation No	Date
1	16459/2010	March 4 2010
2	16460/2010	March 4 2010
3	26283/2012	April 5 2012
4	58276/2015	July 27 2015

Other Endorsement

1. "Declaration of intended acquisition – Form D measuring approximately 1 Acre 0 Rood 9.0000 Pole" vide Presentation No P59093/2001 Volume 275 Folio 62 dated March 5 1989.

2. "Notice that possession has been taken of land – Form K measuring approximately 1 Acre 0 Rood 9.0000 Pole" vide Presentation No P59095/2001 Volume 359 Folio 41 dated March 23 1991.

Note :

For our valuation purpose, the above particulars are deemed to be correct. However, we recommend that they are verified and confirmed by a solicitor.

ANNEXURE I(a)

Pejabat Tanah Dan Galian Johor
Johor

CATATAN CARIAN PERSENDIRIAN

Adalah diperakui bahawa suatu carian persendirian telah dibuat mengikut Seksyen 384, Kanun Tanah Negara berkenaan tanah berikut :

Jenis dan No. Hakmilik	: **HSD 24831**	Nombor Lot	: **Lot 7962**
Bandar/Pekan/Mukim	: **Mukim Senai**	Tempat	:
Keluasan	: **2.6431 Hektar**	Daerah	: **Kulai**
Nombor Syit Piawai	:	Nombor Pelan Akui	: **Tiada**
Taraf Pegangan *(Selama-lamanya atau Pajakan)*	: **Selama-lamanya**	Tarikh Luput Pajakan *(Jika Berkenaan)*	:
Kawasan Rizab *(Jika Berkenaan)*	: **Tiada**		
Tarikh Daftar	: **2 Januari 2016**	Cukai Tanah	: **RM4,800.00**

Bahawa pada tarikh dan waktu perakuan ini dikeluarkan, butir-butir tanah tersebut adalah seperti berikut :

Kategori Kegunaan Tanah : **Perusahaan/Perindustrian**

Syarat Nyata : **i) Tanah ini hendaklah digunakan sebagai Perusahaan Ringan untuk Furniture Of Leather and Fabrics dan lain-lain yang berkaitan dengannya , dibina mengikut pelan yang diluluskan oleh Pihak Berkuasa Tempatan yang berkenaan .**
ii)Segala kekotoran dan pencemaran akibat daripada aktiviti ini hendaklah disalurkan / dibuang ke tempat-tempat yang telah ditentukan oleh Pihak Berkuasa Berkenaan.
iii)Segala dasar dan syarat yang telah ditetapkan dan dikuatkuasakan dari semasa ke semasa oleh Pihak Berkuasa Berkenaan hendaklah dipatuhi.

Sekatan Kepentingan : **Tiada**

Pemilikan dan Alamat :

MAXIM TEXTILE TECHNOLOGY SDN BHD , No. Syarikat : 229878-X
Tertubuh di bawah Akta Syarikat 1965 , 1/1 bahagian
SUITE 1306, LEVEL 13 CITY PLAZA 80300 JOHOR BAHRU

Tanggungan dan endosan-endosan lain :

Nombor Perserahan : P59093/2001 Jil. 275 Fol. 62 Cadangan Pengambilan Tanah - Borang D
seluas lebih kurang 1 Ekar 0 Rood 9.0000 Pole
didaftarkan pada 5 Mac 1989 jam 08:00:00 pagi

(No. Rujukan Fail : XXXII/779(JB))

Nombor Perserahan : P59095/2001 Jil. 359 Fol. 41 Pengambilan Sebahagian Tanah - Borang K
seluas lebih kurang 1 Ekar 0 Rood 9.0000 Pole
didaftarkan pada 23 Mac 1991 jam 08:00:00 pagi
(No. Rujukan Fail : XXXII/7/79(JB))

Nombor Perserahan : 16459/2010 Gadaian menjamin wang pokok
oleh MAXIM TEXTILE TECHNOLOGY SDN BHD,No. Syarikat : 229878-X ,1/1 bahagian
kepada UNITED OVERSEAS BANK (MALAYSIA) BHD, No sykt :271809-K
NO. 31-1 & 31-2, JALAN RAYA 81000 KULAI BESAR KULAI
Didaftarkan pada 4 Mac 2010 jam 03:45:08 petang
Suratkuasa Wakil : 144/2006

Nombor Perserahan : 16460/2010 Gadaian menjamin wang pokok
oleh MAXIM TEXTILE TECHNOLOGY SDN BHD,No. Syarikat : 229878-X ,1/1 bahagian
kepada UNITED OVERSEAS BANK (MALAYSIA) BHD, No sykt :271809-K
NO. 31-1 & 31-2, JALAN RAYA 81000 KULAI BESAR KULAI
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Suratkuasa Wakil : 144/2006

Nombor Perserahan : 26283/2012 Gadaian menjamin wang pokok
oleh MAXIM TEXTILE TECHNOLOGY SDN BHD,No. Syarikat : 229878-X ,1/1 bahagian
kepada UNITED OVERSEAS BANK (MALAYSIA) BHD, No sykt :271809-K
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Suratkuasa Wakil : 231/2003

Nombor Perserahan : 58276/2015 Gadaian menjamin wang pokok
oleh MAXIM TEXTILE TECHNOLOGY SDN BHD,No. Syarikat : 229878-X ,1/1 bahagian
kepada UNITED OVERSEAS BANK (MALAYSIA) BHD, No sykt :271809-K
NO. 31-1 & 31-2 JALAN RAYA KULAI BESAR 81000 KULAI
Didaftarkan pada 27 Julai 2015 jam 10:22:24 pagi
Suratkuasa Wakil : 45/2006

Urusan-urusan dalam Perserahan yang belum didaftarkan : Tiada

Endosan-endosan yang terdahulu yang tidak berkuatkuasa lagi : Tiada

Hakmilik yang terdahulu :
(Jika hakmilik sambungan)

Tarikh mula diberimilik	:	**27 Julai 1958**
Hakmilik Asal (Tetap atau Sementara)	:	**Mukim Senai-Kulai CT 2866**
Hakmilik Terdahulu daripada ini	:	**Mukim Senai-Kulai HSD 7559**
		Mukim Senai HSD 24831

Perkara lain yang melibatkan hakmilik :

Dikeluarkan pada	: 11:24:04 pagi	**Tarikh**	: 23 Jun 2016
Bayaran dijelaskan	: RM 240.00	**Nombor Resit**	: 20162306DM091

(Carian Persendirian Hakmilik ini tidak sah bagi sebarang kegunaan rasmi)

ANNEXURE II

MAJLIS DAERAH KULAI

SIJIL KELAYAKAN BANGUNAN UNTUK DIGUNAKAN
(Undang-undang Kecil 25, Bahagian 1,
Undang-undang Kecil Bangunan Seragam 1984)

Bil. Fail: MDK. 4/2 - 8/91K. Bil. Sijil: 59/93

Kepada: TETUAN HWA TAT LEE
LEATHER SDN. BHD.
32, JALAN SERULING 2.
TMN. SRI KULAI BARU 2.
81000 KULAI.

Dengan ini diperakui bahawa *Bangunan / Bangunan-bangunan yang dibina untuk KILANG 1 1/2 TINGKAT

di atas *Lot / ~~PTD / PTD / MLO / TLO~~ 7962 No. –
Lorong – Jalan AIR HITAM.
Kawasan MK. SENAI / KULAI Poskod 81000 Bandar KULAI.
telah siap dibina mengikut *Pelan / Pelan-pelan bilangan 4/2- 8/91K.
yang telah diluluskan oleh Majlis Daerah Kulai pada 30-11-1992.
dan didapati layak digunakan atau diduduki bagi maksud *~~Rumah kediaman / Rumah Kedai /~~
Kilang / ~~Pejabat / Sekolah / Pencawang Letrik / Tempat ibadat atau lain-lain~~

Bertarikh pada 16 hb. Ogos 19 93

Yang Dipertua
Majlis Daerah Kulai

INGATAN:
Ubahan / tambahan atau ubahguna kepada bangunan ini tidak sekali-kali dibenarkan tanpa kebenaran bertulis daripada MAJLIS DAERAH KULAI.

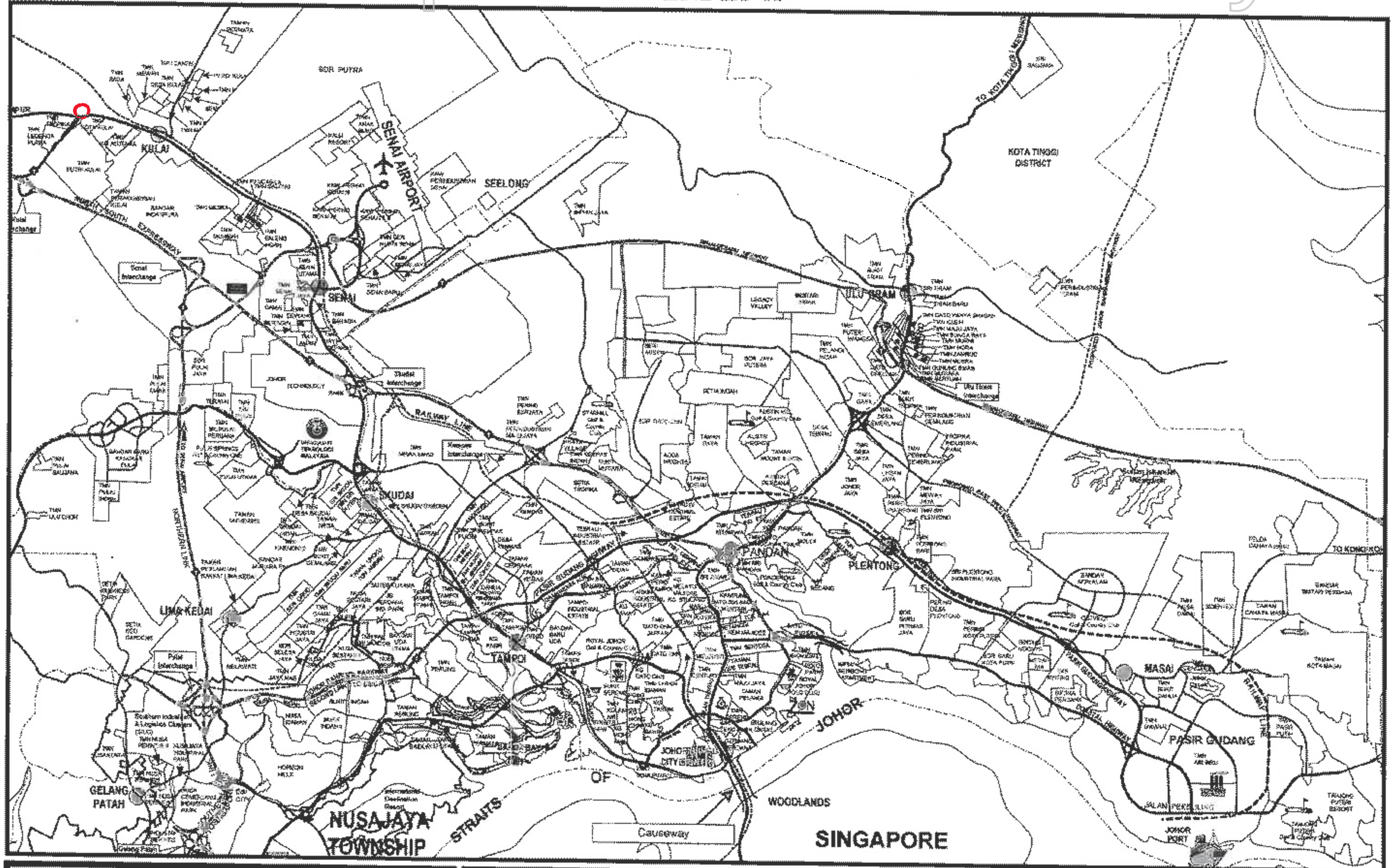
*Potong mana-mana yang tidak dikehendaki

1521 — 16.4.81 JPNJ

CERTIFIED TRUE COPY

WONG CHEEH FENG
ADVOCATE & SOLICITOR

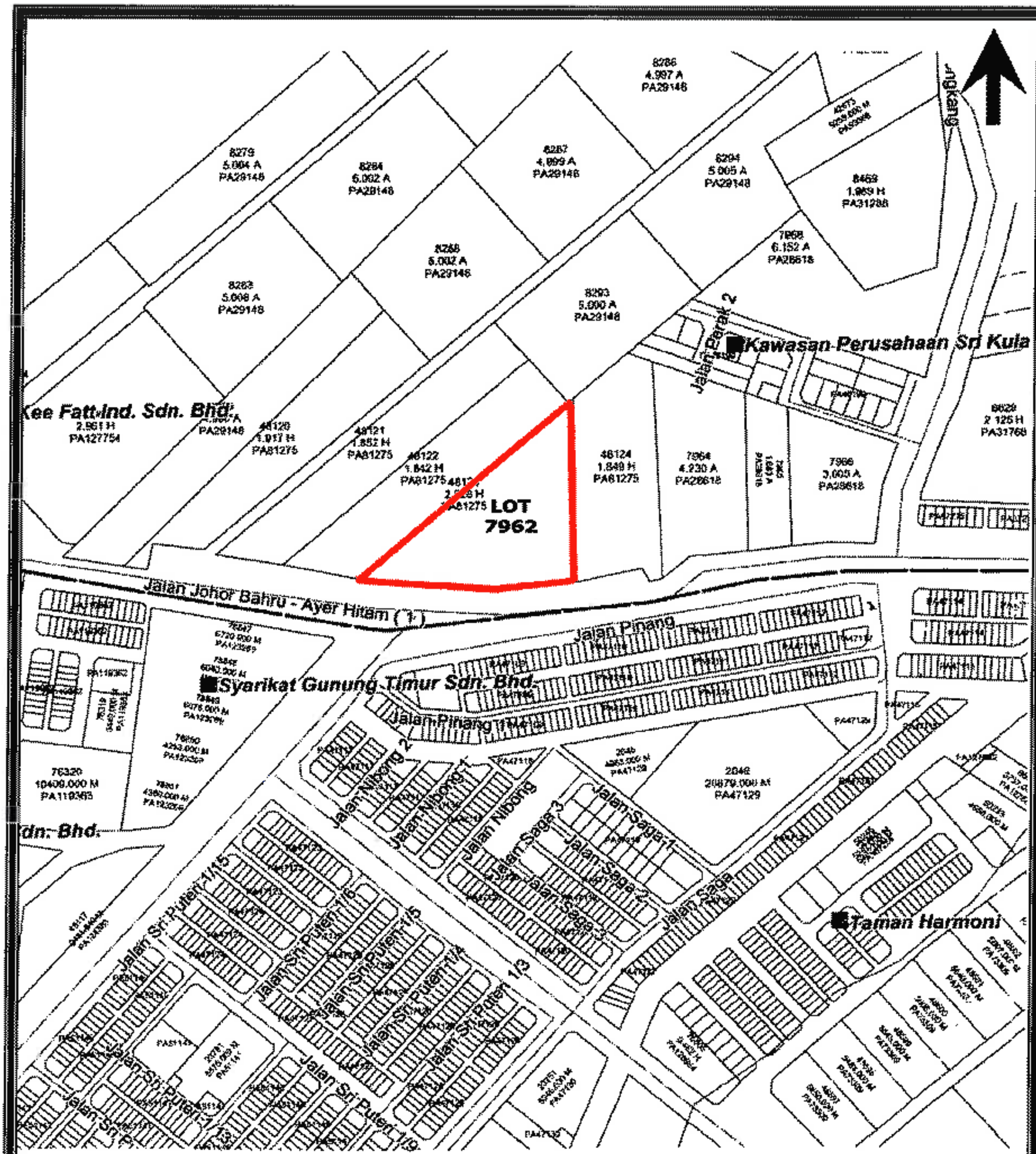
APPENDIX A



LOCATION PLAN	KGV INTERNATIONAL PROPERTY CONSULTANTS (JOHOR) SDN BHD Property Valuers, Machinery Valuers, Project and Property Managers, Auctioneers, International Property Consultants, Real Estate Agents	FILE REF	KGVA 21606073-J
		SCALE	NOT TO SCALE

KGV International Property Consultants

APPENDIX B



SITE PLAN	KGV INTERNATIONAL PROPERTY CONSULTANTS (JOHOR) SDN BHD Property Valuers, Machinery Valuers, Project and Property Managers, Auctioneers, International Property Consultants, Real Estate Agents.	
	FILE REF	KGVA 21606073-J
	SCALE	NOT TO SCALE

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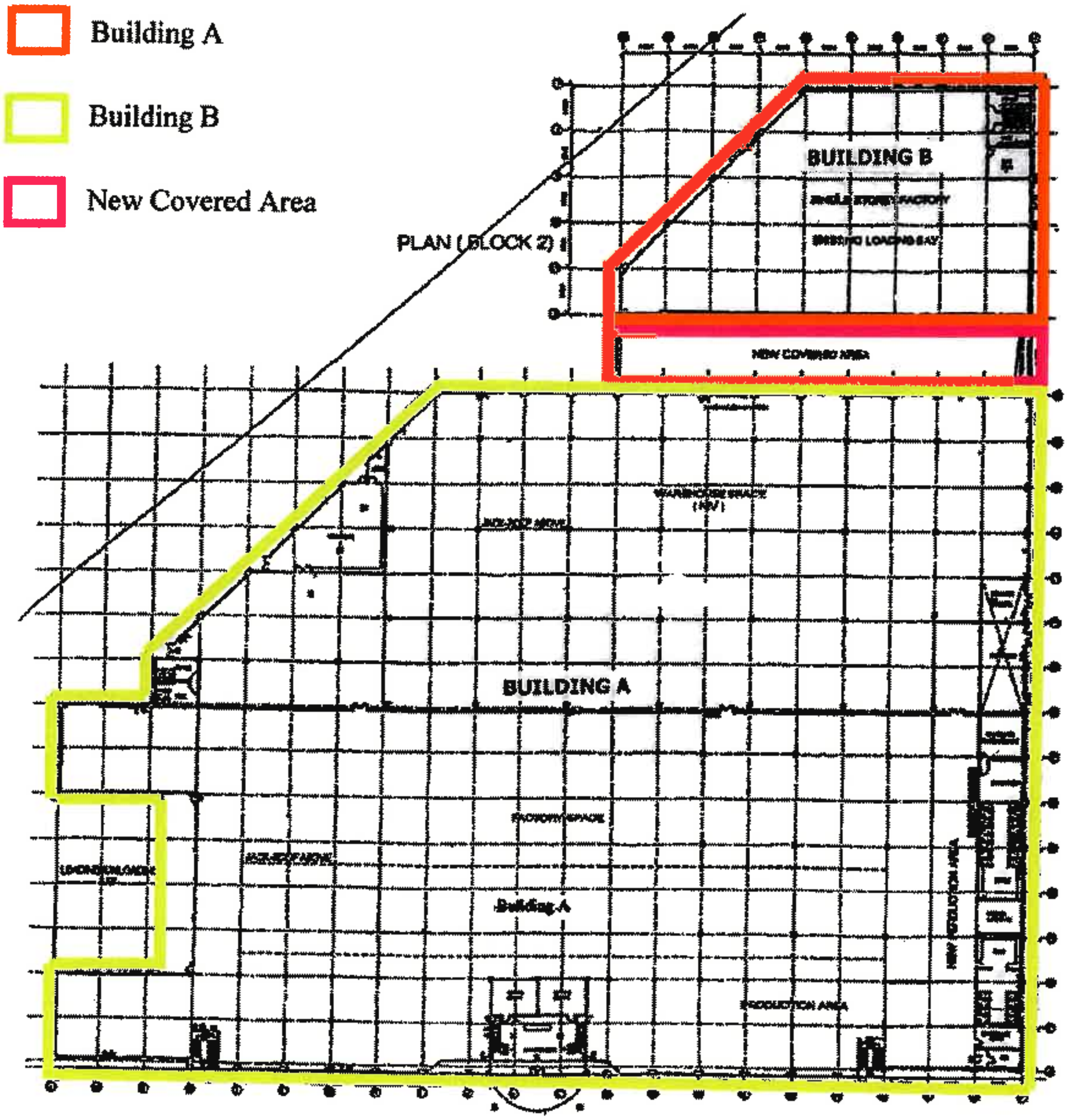
APPENDIX C

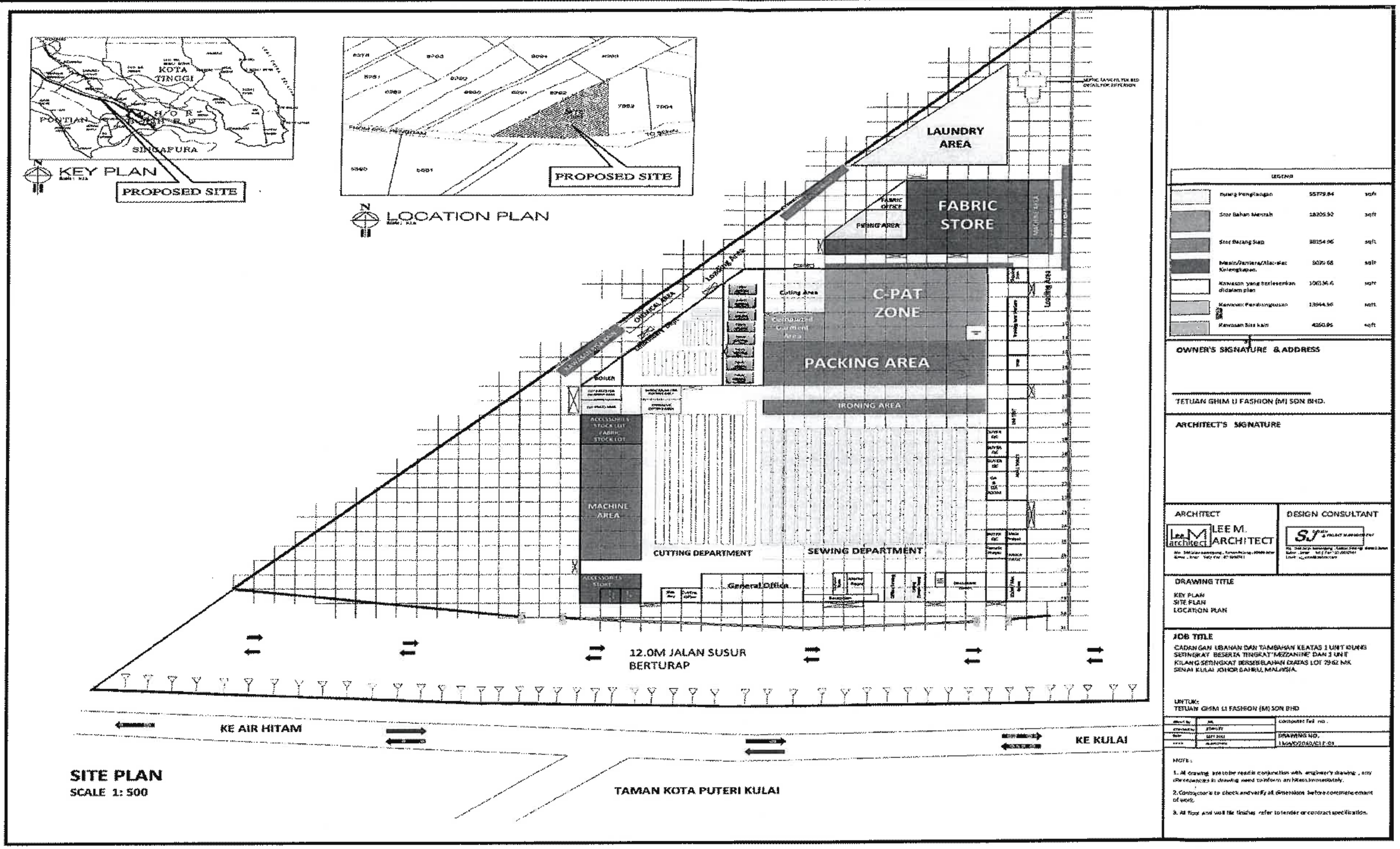
Legend

- Building A
- Building B
- New Covered Area



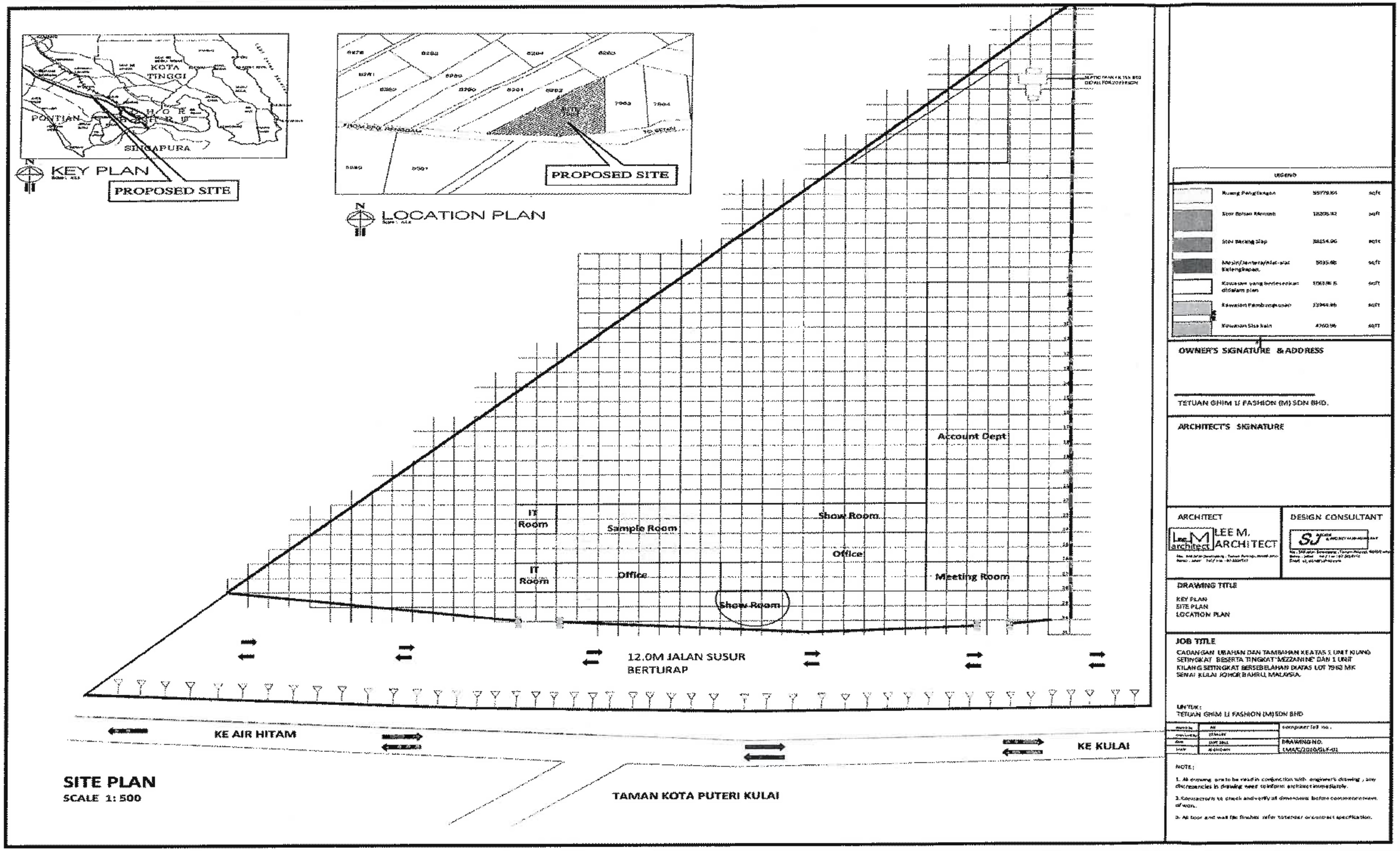
GENERAL LAYOUT PLAN	**KGV INTERNATIONAL PROPERTY CONSULTANTS (JOHOR) SDN BHD** Property Valuers, Machinery Valuers, Project and Property Managers, Auctioneers, International Property Consultants, Real Estate Agents.	
	FILE REF	**KGVA 21606073-J**
	SCALE	**NOT TO SCALE**

APPENDIX D



BUILDING LAYOUT PLAN	**KGV INTERNATIONAL PROPERTY CONSULTANTS (JOHOR) SDN BHD** Property Valuers, Machinery Valuers, Project and Property Managers, Auctioneers, International Property Consultants, Real Estate Agents.	
	FILE REF	**KGVA 21606073-J**
	SCALE	**NOT TO SCALE**

APPENDIX D1



BUILDING LAYOUT PLAN	**KGV INTERNATIONAL PROPERTY CONSULTANTS (JOHOR) SDN BHD** Property Valuers, Machinery Valuers, Project and Property Managers, Auctioneers, International Property Consultants, Real Estate Agents.	
	FILE REF	**KGVA 21606073-J**
	SCALE	**NOT TO SCALE**

APPENDIX E

GENERAL VIEW OF THE SUBJECT PROPERTY

APPENDIX E1

CLOSER VIEW OF THE SUBJECT PROPERTY

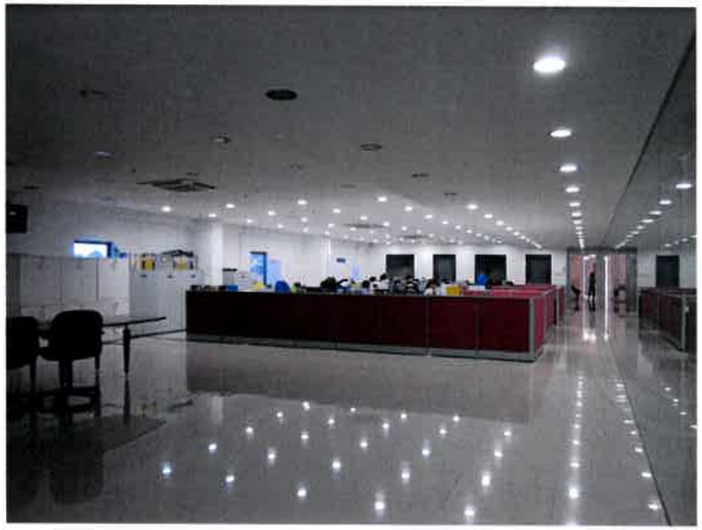
APPENDIX E2

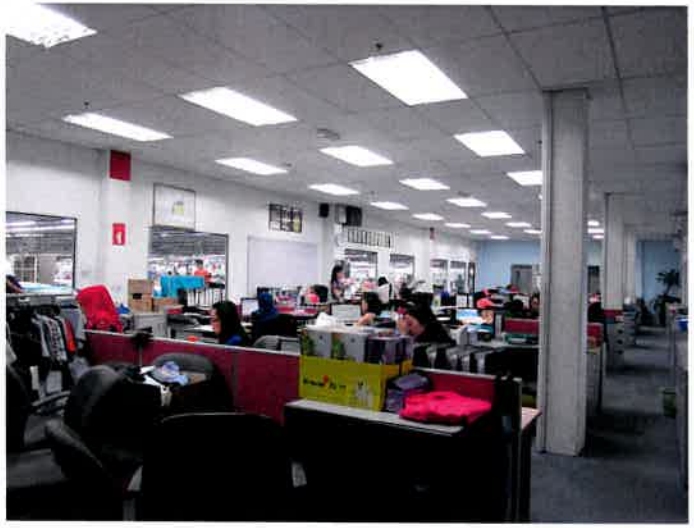
ANOTHER VIEW OF THE SUBJECT PROPERTY

APPENDIX E3

INTERNAL VIEWS

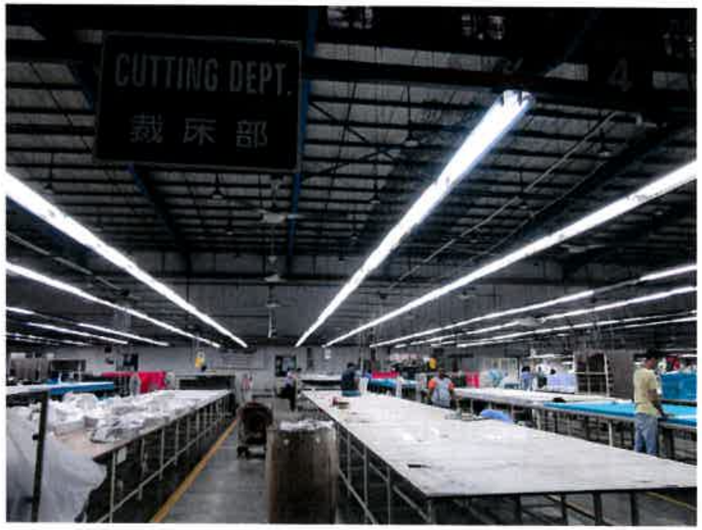
APPENDIX E4





INTERNAL VIEWS

APPENDIX E5



INTERNAL VIEWS

APPENDIX E6

INTERNAL VIEWS

APPENDIX E7

KGV International Property Consultants

GUARD HOUSES

APPENDIX E8

BIN CENTRE AND PUMP HOUSE

APPENDIX F

Sale Comparables

No	Comparable	Land Area		Transaction Date	Vendor	Purchaser	Consideration	Remarks
		Hectare	Acre					
1	PTD No 108317 Sited along Persiaran Indahpura Utama, Indahpura Industrial Park Kulai	0.405	1.001	March 18 2015	Red Swallow Sdn Bhd	Yik Khang Frozen Foodstuff Sdn Bhd	RM2,003,760 (RM46.00 per sq ft)	1. Freehold tenure 2. It is a piece of vacant industrial land
2	Lot No 104286 Sited along Jalan Suasa, Kulai Industrial Park Kulai	0.711	1.756	July 1 2014	Polywell Enterprise Sdn Bhd	Masbest Food Industries Sdn Bhd	RM2,868,188 (RM37.50 per sq ft)	1. Freehold tenure 2. It is a piece of vacant industrial land
3	Lot No 58843 Sited along Jalan Tanjung 27/1, Indahpura Industrial Park Kulai	0.598	1.477	June 11 2014	South Johor Builders Sdn Bhd	Tai Bee Sdn Bhd	RM2,927,700 (RM45.51 per sq ft)	1. Freehold tenure 2. It is a piece of vacant industriall land

Source: Valuation and Property Services Department, Johor

APPENDIX G

ADJUSTMENTS MADE ON THE SALE COMPARABLES

Comparable	Comparable 1	Comparable 2	Comparable 3
	PTD No 108317	Lot No 104286	Lot No 58843
Transaction Date	March 18 2015	July 1 2014	June 11 2014
Tenure	Freehold	Freehold	Freehold
Location	Sited along Persiaran Indahpura Utama	Sited along Jalan Suasa, Kulai Industrial Park	Sited along Jalan Tanjung 27/1, Indahpura Industrial Park
Title No.	HS(D) No 64281	HS(M) No 1381	Geran No 285421
Lot No.	PTD No 108317	Lot No 104286	Lot No 58843
Mukim	Kulai	Kulai	Kulai
Description of Property	A piece of vacant industrial land	A piece of vacant industrial land	A piece of vacant industrial land
Land Area (acre/ sq ft)	1.001/43,592.9	1.756/76,487.3	1.477/64,325.1
Planning	Industrial use	Industrial use	Industrial use
Vendor	Red Swallow Sdn Bhd	Polywell Enterprise Sdn Bhd	South Johor Builders Sdn Bhd
Purchaser	Yik Khang Frozen Foodstuff Sdn Bhd	Masbest Food Industries Sdn Bhd	Tai Bee Sdn Bhd
Consideration	RM2,003,760	RM2,868,188	RM2,927,700
Source	Valuation and Property Services Department	Valuation and Property Services Department	Valuation and Property Services Department
Land Value (per sq ft)	RM46.00	RM37.50	RM45.51
Adjustments:			
Time	0%	0%	0%
Location/surrounding	10%	10%	10%
Accessibility	0%	0%	0%
Visibility/exposure	0%	0%	0%
Size	-15%	-15%	-15%
Category of Land Use	0%	0%	0%
Site Improvements	10%	10%	10%
Net adjustment	*+5%*	*+5%*	*+5%*
Adjusted Land Value (per sq ft)	**RM48.26 say RM48.00**	**RM39.37 say RM39.00**	**RM47.79 say RM48.00**

Explanatory Notes:

1. **Comparable 1 (PTD No 108317)**
   Upward adjustment is made for location and site improvements factors to reflect the better location of subject property and the improvement done to the Subject Property. Downward adjustment is made for size as the Subject Property has a larger land area.

2. **Comparable 2 (Lot No 104286)**
   Upward adjustment is made for location and site improvements factors to reflect the better location of subject property and the improvement done to the Subject Property. Downward adjustment is made for size as the Subject Property has a larger land area.

3. **Comparable 3 (Lot No 58843)**
   Upward adjustment is made for location and site improvements factors to reflect the better location of subject property and the improvement done to the Subject Property. Downward adjustment is made for size as the Subject Property has a larger land area.

Valuation Rationales

After adjustments were made to the above comparables, we noted that the adjusted land values range from RM39.00 to RM48.00 per sq ft. In reconciling our opinion of market value, we have placed greater emphasis on Comparable 1 as it is the most recent transaction. As such, the land value adopted for the subject land after taking into consideration the relevant factors such as location, site improvements, size and other relevant characteristics is RM48.00 per square feet.

APPENDIX H

VALUATION WORKING BY COST METHOD

A. Land Value		238,480.0	sq ft	x **RM 48**	per sq ft	= RM 11,447,040		say	RM 11,447,000
B. Building Value									
1. Block A (Single-storey detached factory cum warehouse	Main Floor Area	126,603.9	sq ft	x **RM 110**	per sq ft	= RM 13,926,429			
	Ancillary Floor Area	4,650.2	sq ft	x **RM 50**	per sq ft	= RM 232,510			
						RM 14,158,939			
	Less : Depreciation at	2.0%	per annum for	23	years	= RM 6,513,112	RM 7,645,827		
2. Block B (Single-storey detached factory)	Main Floor Area	20,150.7	sq ft	x **RM 110**	per sq ft	= RM 2,216,577			
	Ancillary Floor Area	-	sq ft	x **RM 50**	per sq ft	RM -			
						RM 2,216,577			
	Less : Depreciation at	2.0%	per annum for	23	years	= RM 1,019,625	RM 1,196,952		
3. Other Ancillary Buildings									
i. Guard House 1 (MFA)		64.0	sq ft	x **RM 50**	per sq ft	= RM 3,200			
ii. Guard House 1 (AFA)		80.0	sq ft	x **RM 25**	per sq ft	= RM 2,000			
iii.Guard House 2 (MFA)		100.0	sq ft	x **RM 50**	per sq ft	= RM 5,000			
iv. Pump House (AFA)		160.0	sq ft	x **RM 25**	per sq ft	= RM 4,000			
v. Bin Centre (AFA)		200.0	sq ft	x **RM 25**	per sq ft	= RM 5,000			
						RM 19,200			
	Less : Depreciation at	2.0%	per annum for	23	years	= RM 8,832	RM 10,368		
4. Other Land Improvements									
i) Fencing & 2 Sliding Autogates						RM 100,000			
ii) Compound area (concrete cement)						RM 300,000			
iii) OLI						RM 50,000	RM 450,000		RM 9,303,147
									RM 20,750,147
							Market Value	**say**	**RM 21,000,000**

KGV International
Property Consultants

APPENDIX I

YIELD ANALYSIS AND COMPARISON

Item	Property	Transacted Price	Date	Gross Annual Rental (GAR)	Estimate Outgoing (say 10% of GAR)	Analysed Net Yield	Source
1	PTD No 216340 PLO 731, Jalan Nikel 2 Kawasan Perindustrian Pasir Gudang Johor Darul Takzim	RM33,000,000	23/5/2016	RM2,738,400	RM273,840	7.5%	Bursa Malaysia announcement
2	PTD No 65023 PLO 109, Jalan Cyber 5 Kawasan Perindustrian Senai III Johor Darul Takzim	RM9,800,000	5/2/2016	RM794,488	RM79,448	7.3%	Valuation and Property Services Department and www.iproperty.com
3	PTD No 5748 Lot No 17, Jalan Kemahiran Kawasan Perindustrian SiLC, Iskandar Puteri Johor Darul Takzim	RM22,900,000	23/10/2013	RM1,736,640	RM173,664	6.8%	Valuation and Property Services Department and tenancy agreement

Note:

The net yield (capitalisation rate) derived from the above ranges from 6.8% to 7.5%.

Therefore, we have adopted the net yield (capitalisation rate) at 7.0 % in our valuation.

APPENDIX J

VALUATION WORKING BY INVESTMENT METHOD

Item	Built-up area		Estimated Monthly Rental Rate		Monthly Rental
Single-Storey Factory with 1 ½ - storey office annexed	131,254.10 sq ft	x	RM1.00 per sq ft	=	RM 131,254.10
Single-Storey Factory	20,150.70 sq ft	x	RM0.80 per sq ft	=	RM 16,120.56
Gross Monthly Rental					RM 147,374.66
				x	12 months
Gross Annual Rental					RM 1,768,495.92
(-) outgoings	@ 10%				- RM 176,849.59
(-) void	@ 10%				- RM 176,849.59
Net Annual Income					RM 1,414,796.74
Capitalisation rate	@ 7%				14.2857
Market Value					RM20,211,361.79
				say	**RM20,000,000.00**

Note:

We have cross-checked with other similar warehouses and found the outgoings are range from 10% to 12% of gross income/rental.

Property	Gross Income	Property Expenses	% of Gross Income
Subang Hi-Tech	RM625,030.00	RM68,918.00	11.03%
Niro Warehouse, Pasir Gudang	RM1,560,000.00	RM158,211.00	10.14%

LIMITING CONDITIONS

1. This Report is confidential to the Client or to whom it is addressed and for the specific purpose to which it refers. It may only be disclosed to other professional advisors assisting the Client in respect to that purpose, but the Client shall not disclose the report to any other person.

2. Neither the whole, nor any part of the Valuation Report or Certificate or any reference thereto may be included in any published document, circular or statement nor published in any way without our prior written approval of the form and context in which it may appear. We shall bear no responsibility nor be held liable to any party in any manner whatsoever in the event of any unauthorised publication of the Valuation Report, whether in part or in whole.

3. The opinion of value expressed in this Report shall only be used by the addressee for the purpose stated or intended in this Report. We are not responsible for any consequences arising from the Valuation Report being relied upon by any other party whatsoever or for any information therein quoted out of context.

4. Whenever possible, a private title search is conducted at the relevant Land Registry/Office but this is done to establish title particulars relevant to valuation only. Whilst we may have inspected the title of the property as recorded in the Register Document of title, we cannot accept any responsibility for its legal validity or as to the accuracy and timeliness of the information extracted or obtained from the relevant Land Registry/Office.

5. We have not conducted any land survey to ascertain the actual site boundaries. For the purpose of this valuation, we have assumed that the dimensions correspond with those shown in the title document, certified plan or any relevant agreement.

6. While due care has been taken to note building defects in the course of inspection, no structural surveys were made nor any inspection of woodwork or other parts of the structure which were covered or inaccessible were made. We are therefore unable to express an opinionor advise on the condition of uninspected parts and this Report should not be taken as making any implied representation or statement on such parts. Whilst any defects or items of disrepair may be noted during the course of inspection, we are not able to give any assurance in respect of any rot, termite or pest infestation or other hidden defects.

7. We have considered the property as if free and clear of all charges, lien and all other encumbrances that may be secured thereon. We also assumed the property is free of statutory notices and outgoings.

8. Where information has been supplied to us by our client or related party and such information is stated in the Report as taken to be correct, we cannot be held liable for any loss or damage in the event the information is found to be false, inaccurate or misleading.

9. The Valuation Report does not automatically bind us to attend court or give evidence before any government or statutory body unless specifically made known to us in writing by the client at the time of giving the instructions for the valuation.

10. This valuation is current as at the date of valuation only. The value assessed herein may change significantly and unexpectedly over a relatively short period (including as a result of general market movements or factors specific to the particular property). We do not accept liability for losses arising from such subsequent changes in value.

11. In the inventory, machinery and/or equipment is listed as complete working units, i.e. machinery and/or equipment is meant to include all parts and accessories normally comprising the unit. We have totally disregarded such items which, in our opinion have no practical take-up value or are normally charged as operating expense.

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CHARTERED ACCOUNTANTS & ADVISORS

Praxity
GLOBAL ALLIANCE OF INDEPENDENT FIRMS

GLG CORP LTD

ACN 116 632 958

LODGE YOUR VOTE

ONLINE
www.linkmarketservices.com.au

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+61 2 9287 0309

BY HAND
Link Market Services Limited
1A Homebush Bay Drive, Rhodes NSW 2138; or
Level 12, 680 George Street, Sydney NSW 2000

ALL ENQUIRIES TO
Telephone: +61 1300 554 474

X99999999999

PROXY FORM

I/We being a member(s) of GLG Corporation Limited and entitled to attend and vote hereby appoint:

STEP 1

APPOINT A PROXY

☐ **the Chairman of the Meeting *(mark box)***

OR if you are **NOT** appointing the Chairman of the Meeting as your proxy, please write the name of the person or body corporate you are appointing as your proxy

or failing the person or body corporate named, or if no person or body corporate is named, the Chairman of the Meeting, as my/our proxy to act on my/our behalf (including to vote in accordance with the following directions or, if no directions have been given and to the extent permitted by the law, as the proxy sees fit) at the Annual General Meeting of the Company to be held at **10:00am on Monday, 14 November 2016 at Level 29, Chifley Tower, 2 Chifley Square, Sydney, NSW, 2000** (the **Meeting**) and at any postponement or adjournment of the Meeting.

Important for Resolution 1: If the Chairman of the Meeting is your proxy, either by appointment or by default, and you have not indicated your voting intention below, you expressly authorise the Chairman of the Meeting to exercise the proxy in respect of Resolution 1, even though the Resolution is connected directly or indirectly with the remuneration of a member of the Company's Key Management Personnel (**KMP**).

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business.

STEP 2

VOTING DIRECTIONS

Proxies will only be valid and accepted by the Company if they are signed and received no later than 48 hours before the Meeting.

Please read the voting instructions overleaf before marking any boxes with an ☒

Resolutions	For	Against	Abstain*
1 Remuneration Report			
2 Re-election of Mr Christopher Chong Meng Tak as Director			
3 Re-election of Felicia Gan as Director			
4 Acquisition of G & G shares from, and issue of consideration shares to, the vendor			

* If you mark the Abstain box for a particular Item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

STEP 3

SIGNATURE OF SHAREHOLDERS – THIS MUST BE COMPLETED

Shareholder 1 (Individual)	Joint Shareholder 2 (Individual)	Joint Shareholder 3 (Individual)
Sole Director and Sole Company Secretary	Director/Company Secretary (Delete one)	Director

This form should be signed by the shareholder. If a joint holding, either shareholder may sign. If signed by the shareholder's attorney, the power of attorney must have been previously noted by the registry or a certified copy attached to this form. If executed by a company, the form must be executed in accordance with the company's constitution and the *Corporations Act 2001* (Cth).

HOW TO COMPLETE THIS SHAREHOLDER PROXY FORM

YOUR NAME AND ADDRESS

This is your name and address as it appears on the Company's share register. If this information is incorrect, please make the correction on the form. Shareholders sponsored by a broker should advise their broker of any changes. **Please note: you cannot change ownership of your shares using this form.**

APPOINTMENT OF PROXY

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box in Step 1. If you wish to appoint someone other than the Chairman of the Meeting as your proxy, please write the name of that individual or body corporate in Step 1. A proxy need not be a shareholder of the Company.

DEFAULT TO CHAIRMAN OF THE MEETING

Any directed proxies that are not voted on a poll at the Meeting will default to the Chairman of the Meeting, who is required to vote those proxies as directed. Any undirected proxies that default to the Chairman of the Meeting will be voted according to the instructions set out in this Proxy Form, including where the Resolution is connected directly or indirectly with the remuneration of KMP.

VOTES ON ITEMS OF BUSINESS – PROXY APPOINTMENT

You may direct your proxy how to vote by placing a mark in one of the boxes opposite each item of business. All your shares will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the items of business, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

APPOINTMENT OF A SECOND PROXY

You are entitled to appoint up to two persons as proxies to attend the Meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning the Company's share registry or you may copy this form and return them both together.

To appoint a second proxy you must:

(a) on each of the first Proxy Form and the second Proxy Form state the percentage of your voting rights or number of shares applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded; and

(b) return both forms together.

SIGNING INSTRUCTIONS

You must sign this form as follows in the spaces provided:

Individual: where the holding is in one name, the holder must sign.

Joint Holding: where the holding is in more than one name, either shareholder may sign.

Power of Attorney: to sign under Power of Attorney, you must lodge the Power of Attorney with the registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the *Corporations Act 2001*) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please indicate the office held by signing in the appropriate place.

CORPORATE REPRESENTATIVES

If a representative of the corporation is to attend the Meeting the appropriate "Certificate of Appointment of Corporate Representative" should be produced prior to admission in accordance with the Notice of Meeting. A form of the certificate may be obtained from the Company's share registry or online at www.linkmarketservices.com.au.

LODGEMENT OF A PROXY FORM

This Proxy Form (and any Power of Attorney under which it is signed) must be received at an address given below by **10:00am on Saturday, 12 November 2016,** being not later than 48 hours before the commencement of the Meeting. Any Proxy Form received after that time will not be valid for the scheduled Meeting.

Proxy Forms may be lodged using the reply paid envelope or:

ONLINE
www.linkmarketservices.com.au
Login to the Link website using the holding details as shown on the Proxy Form. Select 'Voting' and follow the prompts to lodge your vote. To use the online lodgement facility, shareholders will need their "Holder Identifier" (Securityholder Reference Number (SRN) or Holder Identification Number (HIN) as shown on the front of the Proxy Form).

BY MAIL
GLG Corporation Limited
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235
Australia

BY FAX
+61 2 9287 0309

BY HAND
delivering it to Link Market Services Limited*
1A Homebush Bay Drive
Rhodes NSW 2138

or

Level 12
680 George Street
Sydney NSW 2000

* During business hours (Monday to Friday, 9:00am–5:00pm)

IF YOU WOULD LIKE TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING, PLEASE BRING THIS FORM WITH YOU. THIS WILL ASSIST IN REGISTERING YOUR ATTENDANCE.