

6. BUSINESS OVERVIEW (Cont'd)

According to Property Market Report 2012, Selangor recorded 96,513 transactions with a total value of RM49.24 billion in 2012, contributing about 22.58% and 34.47% to the national volume and value of transactions respectively. In 1H 2013, Selangor still remained the most dominant state which recorded 40,282 transactions worth RM21.92 billion, contributing about 21.69% and 32.68% to the Malaysia volume and value of transactions respectively. This indicates that Selangor has a very active property market and high population growth due to in-migration and urbanisation.

In addition to being the most populous state in Malaysia, the Group's land bank in Selangor is concentrated mainly in the Petaling and Klang districts, the former being the most populous and densely-populated district in the state, and the latter being the third most populous. With the state of Selangor having a larger proportion of income-earning population of 60.44% (population aged between 20 and 59 years) when compared to the other age groups, this bodes well for the Group as this population group is deemed as potential property buyers generating high demand for properties. Also, with Selangor having one of the highest average annual population growth rate at 2.7% (2000 – 2010) in the country, this supports growing and sustained demand for new housing products and business premises alike.

(Source: IMR Report)

(ii) Increasing property values

The volume and value of property transactions from 2002 to 1H 2013 in Property Market Reports 2003 to First Half 2013 by Jabatan Penilaian & Perkhidmatan Harta show more properties are being transacted in the Malaysian property market annually, with the average value of properties also increasing over the years. The Industrial Property Transactions in Property Market Reports 2003 – 2012, Jabatan Penilaian & Perkhidmatan Harta also show that prices of industrial properties in Selangor have increased over the past 11 years from year 2002 to 2012.

Generally, in 1H 2013, the healthy movement in property prices was noted in the state of Selangor in the residential, commercial and industrial sectors. The average transacted value of properties in Selangor for 1H 2012 and 1H 2013 are as follow:

| Area | Average Transacted Value of Properties in Selangor (1H 2012 and 1H 2013) | | | | | |
|------------------------|--|-------------------|-------------------|---------------------|---------------------|---------------------|
| | Residential (RM) | | Commercial (RM) | | Industrial (RM) | |
| | 1H 2012 | 1H 2013 | 1H 2012 | 1H 2013 | 1H 2012 | 1H 2013 |
| District: Petaling | 431,326.95 | 503,138.66 | 1,000,522.57 | 1,356,236.32 | 2,358,966.29 | 3,810,921.99 |
| District: Klang | 259,733.61 | 321,740.77 | 567,160.80 | 824,906.02 | 1,845,993.79 | 1,926,392.69 |
| District: Gombak | 331,556.22 | 357,114.44 | 585,805.47 | 1,012,640.26 | 1,963,661.97 | 1,349,354.84 |
| State: Selangor | 325,090.39 | 385,617.56 | 887,720.57 | 1,118,246.50 | 1,838,231.97 | 2,408,460.37 |

(Source: IMR Report)

(iii) Good prospects in the industrial sector in Klang

The districts of Petaling and Klang (in which most of the Group's projects and land banks are located) have continued to be in the forefront, having attracted a total of RM6.09 billion worth of industrial investments in 2012, representing 51.92% of total industrial investments in the state of Selangor by the Selangor State Investment Centre and MIDA. During the same period, foreign direct investment made up 37.77% of total capital investment in the state, with Petaling district drawing the highest total capital investments. In 2012, there are a total of RM11.73 billion worth of industrial investment in Selangor, representing about 28.57% of the Malaysia's total investment (2012: RM41.05 billion) by the Selangor State Investment Centre and MIDA. The approved projects indicate that there are more industrial activities in Selangor and this in turn will translate to higher demand for residential and commercial properties in the medium to long term.

6. BUSINESS OVERVIEW (Cont'd)

Kapar, in which the Group has on-going and future industrial developments, houses several well-known large manufacturers such as Supermax Corporation Berhad ("Supermax"), Press Metal Berhad and Bata, to name a few. The announcement on 6 March 2009 by Supermax of its new Glove City in Kapar bodes well for the overall industrial property market sector in Klang. As noted from Industrial Property Stock Report 2Q 2013, the future supply for industrial in Klang has been increasing in numbers compared to other districts. With this, it may support the demand in residential and commercial in Klang district.

The volume of transactions of industrial properties in 1H 2013 within Selangor show that the Klang district has the highest demand for vacant plots in the state, followed by terraced, detached and semi-detached factories. Furthermore, there has been no new supply of semi-detached factories in the Klang district since 2Q 2005 to 2Q 2012. However, the supply has been increased from 966 units (2Q 2012) to 972 units in 2Q 2013; with future incoming supply of 411 units targeted to be completed in the next 2-3 years making up only 42.28% of the existing supply of 972 units. This indicates that the Group's industrial projects in Kapar may be able to address the shortages of supply in the Klang district, particularly as the Petaling and Klang districts have the highest and second highest number and value of industrial properties transactions respectively, indicating a strong demand for industrial properties in both districts.

(Source: IMR Report)

Based on the developments as highlighted above, our future plans and strategies as outlined in Section 6.19.2 of this Prospectus, and our competitive strengths as outlined in Section 6.3 of this Prospectus, our Board is of the view that we are well positioned to enjoy positive growth in the foreseeable future notwithstanding that the upward revision in RPGT and the prohibition of development projects that feature developer interest bearing scheme as announced in Budget 2014 on 25 October 2013, may have a short term impact on our Group's financial performance. Whilst we recognise the existence of market challenges in the industry and the various risk factors as outlined in Section 4 of this Prospectus, we are committed to our business and our growth strategies which have been put in place to propel us to be a stronger property player.

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7. INDEPENDENT MARKET RESEARCH REPORT



Industry Overview Report

Prepared for Titijaya Land Berhad

INDUSTRY OVERVIEW REPORT

Date: 28th October 2013

Prepared for:

TITIJAYA LAND BERHAD

N-16-01, FIRST SUBANG, JALAN SS15/4G, SS15,

47500 SUBANG JAYA,

SELANGOR DARUL EHSAN

Tel: 03-8022 9999 Fax: 03-8022 9888

Prepared by:

PA INTERNATIONAL

PROPERTY CONSULTANTS (KL) SDN BHD

NOS. 29A & 31A, 1ST FLOOR, JALAN 52/1,

PJ NEW TOWN, 46200 PETALING JAYA,

SELANGOR DARUL EHSAN

Tel: 03-7958 5933 Fax: 03-7957 5933

7. INDEPENDENT MARKET RESEARCH REPORT (Cont'd)

28th October 2013

Messrs. Titijaya Land Berhad
N-16-01, First Subang, Jalan SS15/4G, SS15,
47500 Subang Jaya
SELANGOR DARUL EHSAN

Dear Sirs,

RE: INDUSTRY OVERVIEW REPORT FOR INCLUSION IN THE PROSPECTUS IN CONNECTION WITH TITIJAYA LAND BERHAD'S ("TITIJAYA") INITIAL PUBLIC OFFERING ON THE MAIN MARKET OF BURSA MALAYSIA SECURITIES BERHAD ("PROSPECTUS")

We, PA International Property Consultants (KL) Sdn. Bhd., have prepared this Industry Overview Report for inclusion in the abovementioned Prospectus.

This research is undertaken with the objective of providing an overview of the property market industry in which Titijaya and its subsidiaries ("Titijaya Group") operate and also involve an analysis of the supply and demand of similar subsectors of properties in the state of Selangor.

This Report has been prepared based on the following scope of works:-

- Brief background of Titijaya Group;
- Economic performance of Malaysia and Selangor;
- Description of the property industry;
- Market size and share;
- Laws and regulations;
- Property market activities;
- Demand and supply;
- Demand and supply dependencies;
- Reliance on and vulnerability to imports;
- Barriers to entry; and
- Industry outlook and prospects.

We are aware that the contents of this report will be included in the abovementioned Prospectus and we are aware of our responsibilities under Section 214 of the Capital Markets and Service Act, 2007. We further confirm that this Report has been written in an objective and independent manner which is subject to the following standard limitations:-

- The responsibility of PA International Property Consultants (KL) Sdn. Bhd. in connection with this Report is limited to the client to whom the study is addressed and to that client only;
- Our final report will not include the possible impact of zoning or environmental regulations, licensing requirements, or other such matters unless they have been brought to our attention and are disclosed in the Report; and
- PA International Property Consultants (KL) Sdn. Bhd. has, within its capacity, ensured the accuracy and completeness of this Report. It is PA International Property Consultants (KL) Sdn. Bhd.'s opinion that this Report, together with all information, opinions, estimates and statements herein furnished, represent a true and fair assessment of the overall industry under study within the limitations of, among others, secondary data and statistics and primary research. The statements, information and opinions expressed or provided in this Report are intended only as a guide, and any values or forecasts stated are intended as informal opinions and should not be construed as formal valuations as in a valuation report.



Registered Valuers * Property Consultants * Real Estate Agents * Property Managers * Plant & Machinery Valuers * Auctioneers
K.Paramathy Chairman Jerome Hong Boon Peng Managing Director A. Subramaniam Executive Director Siew Kok Kong Executive Director
Ong Che Sang Director Loo Cheong Fel Director V. Silvedes Director



PA INTERNATIONAL PROPERTY CONSULTANTS SDN BHD (286279D) (formerly known as Param & Associates Sdn. Bhd.)

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REP. OFFICES:

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Chief Resident Representative: Jerome Hong Tel: +8012-2117839 Email: jerome.hong@pa.com.my

7. INDEPENDENT MARKET RESEARCH REPORT (Cont'd)



The sources of information for the market study include amongst others but not limited to the following:-

- Information provided by Titijaya Group;
- Enquiries made at the Planning Departments of relevant local authorities to identify approved and planned supply of comparable / competitive developments in the study area;
- References made to publications and periodicals such as the annual Property Market Report published by the Valuation & Property Services Department, the Property Stock Report by the National Property Information Centre (NAPIC), data from the Department of Statistics and the Economic Planning Unit as well as news articles; and
- References made to our in-house data which are believed to be from reliable sources.

Except as otherwise indicated, statistical and certain other information contained in this Report is based on or derived from data prepared by Titijaya Group.

We acknowledge that if we are aware of any significant changes affecting any of contents of this Report between the date thereof and the issue date of the abovementioned Prospectus, we have an on-going obligation to cause this Report to be updated for changes and, where applicable, cause Titijaya to issue a supplementary prospectus, or withdraw our consent to the inclusion of this Report in the abovementioned Prospectus.

We, however, acknowledge that a copy of our report will be submitted to the Securities Commission Malaysia and disclosed in the abovementioned Prospectus.

Thank you.

Yours faithfully

PA INTERNATIONAL

PROPERTY CONSULTANTS (KL) SDN BHD

A handwritten signature in black ink, appearing to read 'Siew Kok Kong'.

SIEW KOK KONG, MRICS MRISM

Chartered Surveyor and Registered Valuer (V-0452)

7. INDEPENDENT MARKET RESEARCH REPORT (Cont'd)



Industry Overview Report

Prepared for Titijaya Land Berhad

**CHAPTER 1
BRIEF BACKGROUND**

1.1 BRIEF BACKGROUND OF TITIJAYA GROUP

- The Titijaya Group (“Group”) has been involved in property development since the year 2001.
- The Group is involved in the residential, commercial and industrial sectors of the property development industry in Malaysia.
- To date, the Group has successfully completed a total of 4 residential and 5 commercial schemes in the Klang Valley, concentrated mainly in the Subang Jaya and Klang localities in Selangor, including the recently completed residential project known as Subang Parkhomes Phase 1 in Subang Jaya, in July 2013. Additionally, the Group has also embarked on the development of 2 industrial schemes : (i) Seri Alam Industrial Park (Phase 1 and 2); and (ii) Zone Innovation Park @ Sungai Kapar Indah (Phase 1 and 2) in the Klang locality and two other commercial schemes : The Galleria in Klang and 3Elements in Seri Kembangan.

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7. INDEPENDENT MARKET RESEARCH REPORT (Cont'd)



Industry Overview Report

Prepared for Titijaya Land Berhad

Table 1.1.1

| Completed Projects | | | | |
|--|--|---|---|---|
| Project Name | Location | Type of Development | Completion Year* | Take-up Rate (as at LPD) |
| Mutiara Bukit Raja | Jalan Meru, Klang | 2-storey terrace houses, residential lots and low-cost apartments | 2003 for terraced houses and 2005 for low cost apartments | Terrace houses - 100.00% Residential lots – 100.00% Low-cost apartments – 100.00% |
| E-Tiara Serviced Apartment | Persiaran Kemajuan Subang, Subang Jaya | Serviced apartments with a retail podium | 2007 | Serviced apartments - 99.68% Retail lots – 100.00% |
| Mutiara Point Business Park (Phase 1) | Jalan Meru, Klang | 2-storey and 3-storey shop offices | 2008 | 100.00% |
| Tiara Square Business Centre | USJ 12, Subang Jaya | 2-storey and 3-storey shop offices | 2008 | 100.00% |
| Casa Tiara Service Suites | Persiaran Kemajuan Subang, Subang Jaya | Serviced apartments with a retail podium | 2008 | Serviced apartments - 99.85% Retail lots – 100.00% |
| Klang Sentral Commercial Centre | Off Jalan Meru, Klang | 3-storey shop offices | 2009 | 97.14% |
| First Subang | SS15, Subang Jaya | Office suites and studio suites on a retail podium | 2011 | Office suites - 100.00% Studio suites - 100.00% Retail podium – 100.00% |
| One SOHO (formerly known as Subang SOHO) | SS19, Subang Jaya | Small office Home office ("SoHo") suites and retail shops | 2012 | SoHo - 100.00% Retail shops - 80.00% |
| Subang Parkhomes (Phase 1) | SS 19, Subang Jaya | Low density and low rise condominiums | 2013 | Phase 1: 94.70% |

Source: Titijaya Group and PA International Property Consultants (KL) Sdn Bhd

Note: *Completion year based on the Date of Certificate of Completion and Compliance issued.

7. INDEPENDENT MARKET RESEARCH REPORT (Cont'd)



Industry Overview Report

Prepared for Titijaya Land Berhad

Table 1.1.2

| Ongoing Projects | | | | |
|---|-------------------------------------|---|---------------------------|---|
| Project Name | Location | Type of Development | Estimated Completion Year | Status of the construction (%)** |
| Subang Parkhomes (Phase 2) | SS19, Subang Jaya | Low density and low rise condominiums | 2014 | 23.77 |
| The Galleria | Off Jalan Meru, Klang | 3-storey stratified shop offices | 2014 | 64.57 |
| Seri Alam Industrial Park (Phase 1 and Phase 2) | Off Jalan Kapar, Klang | Vacant industrial land for light industrial factory | 2015 | # |
| Zone Innovation Park @ Sungai Kapar Indah (Phase 1 and Phase 2) | Off Jalan Kapar, Klang | 1½-storey and 2½-storey semi-detached factories | 2016 | # |
| 3Elements (Phase 1, Phase 2, Phase 3, Phase 4 and Phase 5) | Bandar Putra Permai, Seri Kembangan | 4-storey and 6-storey shop offices with lifts, retail lots, serviced apartments, Small office Flexible office ("SoFo") suites | 2016 | Shop offices – 51.33 SoFo & Serviced Apartments - # Retail lots - ### |

Source: Titijaya Group and PA International Property Consultants (KL) Sdn Bhd

Notes: ** The latest status of the construction based on the project cost incurred as at 5 September 2013 as provided by Titijaya Group divided by budgeted cost.

No revenue and cost of sales have been recognised as the progress of these projects has not reached a stage where the financial results can be reliably estimated.

As at 5 September 2013, Titijaya Group has yet to launch the Phase 2 of 3Elements.

- As most of the Group's developments are currently located in Selangor, this Industry Overview Report will focus on the property development industry in Selangor.

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7. INDEPENDENT MARKET RESEARCH REPORT (Cont'd)



Industry Overview Report

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CHAPTER 2

ECONOMIC PERFORMANCE OF MALAYSIA AND SELANGOR

2.1 MALAYSIA'S ECONOMIC GROWTH

- 2009 was a year of uncertainty for the global markets. Due to the economic impact of the United States of America's ("US") subprime crisis which had erupted in October 2007 and eventually became a full-blown global financial crisis that lasted through to 2009, the Malaysian economy recorded an annual average contraction of 1.7% in 2009 (2008: +4.7%). (Source: *Quarterly Bulletin, Bank Negara Malaysia ("BNM")*)
- In the first quarter of 2010 ("1Q 2010"), the Malaysian economy recorded high growth of 10.10% on a quarterly basis, the highest in a decade, surpassing expectations and indicating that the nation is on the right track to economic recovery. In the second quarter of 2010 ("2Q 2010"), the economic growth rate was 9.00%; in the third quarter of 2010 ("3Q 2010") and fourth quarter of 2010 ("4Q 2010"), however, the economy growth slowed to 5.30% and 4.80% respectively. Overall, the economy charted a commendable growth of 7.2% in 2010 supported by higher private consumption and sustained public spending. (Source: *Quarterly Bulletin, BNM*)
- The Malaysian economy recorded a modest growth of 5.20% in the first quarter of 2011 ("1Q 2011") which declined to 4.30% in the second quarter of 2011 ("2Q 2011") due to emerging external risks such as weaker external demand, supply chain disruptions caused by the natural disaster in Japan, ongoing European Union sovereign debt concern, elevated commodity prices and global inflationary pressures. In the third quarter of 2011 ("3Q 2011"), the Malaysian economy expanded 5.80%. However, it registered a lower growth rate of 5.20% in the final quarter ("4Q 2011") supported by higher private consumption and sustained public spending. Overall for the year of 2011, the Malaysian economy recorded an annual average growth rate of 5.10% (2010: 7.20%), supported by positive domestic consumption and investment, implementation of government projects and strong financing patterns. (Source: *Quarterly Bulletin, BNM*)
- However, due to the challenging external environment in the first quarter of 2012 ("1Q 2012"), the Malaysian economy recorded a modest growth of 5.10% and increased to 5.60% in the second quarter of 2012 ("2Q 2012") against 5.20% and 4.30% respectively registered in the corresponding quarters of 2012. In the third quarter of 2012 ("3Q 2012"), the Malaysian economy decreased to 5.30% but increased to 6.50% in the final quarter of 2012 ("4Q 2012").
- Overall, the Malaysian economy performed better and recorded a higher growth of 5.6% in 2012 compared with 2011 (5.10%), supported by positive domestic consumption and investment as well as implementation of government projects.
- The quarterly gross domestic product ("GDP") statistics for Malaysia from 1Q 2010 to 2Q 2013 are tabulated below:-

Table 2.1.1

| Malaysia - Quarterly GDP Statistics (1Q 2010 - 2Q 2013) (%) | | | | | | | | | | | | | |
|---|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| 1Q 2010 | 2Q 2010 | 3Q 2010 | 4Q 2010 | 1Q 2011 | 2Q 2011 | 3Q 2011 | 4Q 2011 | 1Q 2012 | 2Q 2012 | 3Q 2012 | 4Q 2012 | 1Q 2013 | 2Q 2013 |
| +10.10 | +9.00 | +5.30 | +4.80 | +5.20 | +4.30 | +5.80 | +5.20 | +5.10 % | +5.60% | +5.30 | +6.50 | +4.10% | +4.30 |

Source: Department of Statistics Malaysia & Bank Negara Malaysia

Notes: 1Q = first quarter
 2Q = second quarter
 3Q = third quarter
 4Q = fourth quarter

7. INDEPENDENT MARKET RESEARCH REPORT (Cont'd)

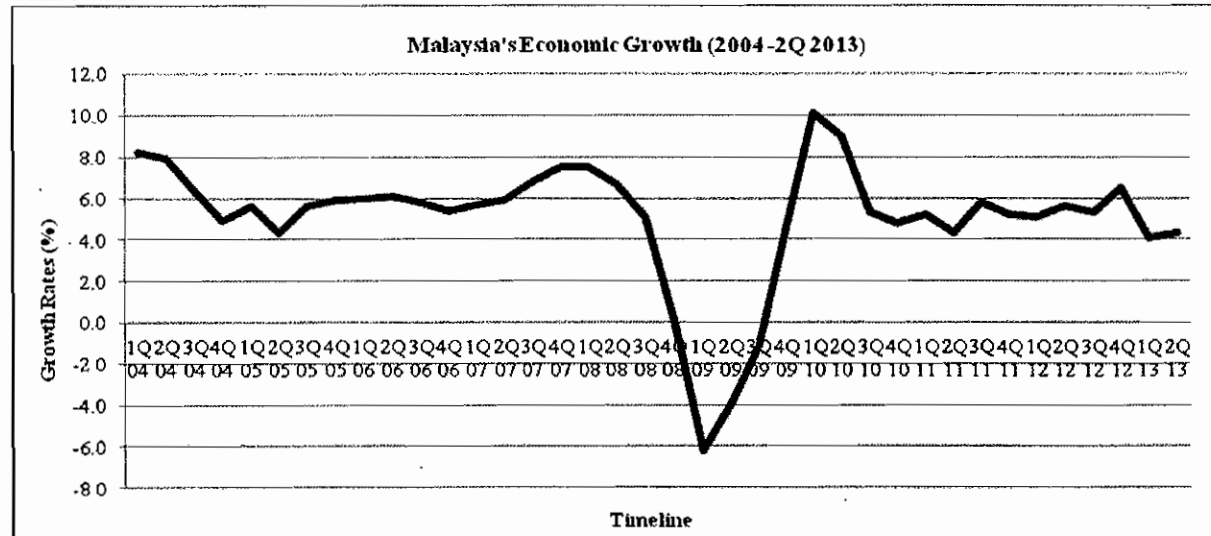


Industry Overview Report

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- The following graph charts the quarterly economic growth of Malaysia since 2004, denoting a stable economic growth since mid-2005 before a sharp dip in 3Q 2008, followed by a strong recovery after the crisis.

Chart 2.1.2



Source: Department of Statistics Malaysia

- In early 2013, the Government had forecasted Malaysia's economic growth to remain on a steady growth of between 5.0% and 6.0% for 2013. The economy grew 4.2% in the first half of 2013 ("1H 2013") and recently Bank Negara cut its forecast for Malaysia's full-year growth to 4.5% - 5.0%. In 2014, in tandem with an improved global economic outlook, the domestic economy is projected to grow at a stronger pace of 5.0% - 5.5%. Growth will be driven by private investment and consumption as well as better external demand (Source: Budget 2014).
- The Prime Minister's promise of further package details in March 2010 for the New Economic Model ("NEM") to drive the country towards a high-income economy has also garnered cautious optimism among business circles. The NEM to be achieved through an Economic Transformation Programme ("ETP") will propel Malaysia to being an advance nation with inclusiveness and sustainability in line with the goals in Vision 2020. One of the strategies targeted under NEM is to improve the financial services sector which includes promoting Malaysia as an international and Islamic financial centre. The Government has unveiled plans to build a new international financial district in the centre of Kuala Lumpur to be known as the Kuala Lumpur International Financial District ("KLIFD"). Other construction / property-related plans under the ETP include the implementation of new highway projects, the Klang Valley Mass Rapid Transit ("KVMRT") system and the redevelopment of various tracts of land that are set to further boost the property market.
- Since March 2010, BNM has been undertaking measures to stabilise rising inflationary pressures while remaining accommodative and supportive of the financial conditions in the country albeit a gradual recovery in both domestic and global economies. The Overnight Policy Rate ("OPR") was at a record low of 2.0% in February 2009, before a hike of 25 basis points each in March, mid-May and early July 2010 to 2.75%. BNM raised the OPR again in May 2011 by another 25 basis points to 3.0%. With this latest hike, the benchmark interest rate for commercial banks to calculate their bank lending rate increased by 30 basis points from 6.3% per annum to 6.6%. As at August 2013, BNM decided to maintain the OPR at 3.0%.

7. INDEPENDENT MARKET RESEARCH REPORT (Cont'd)

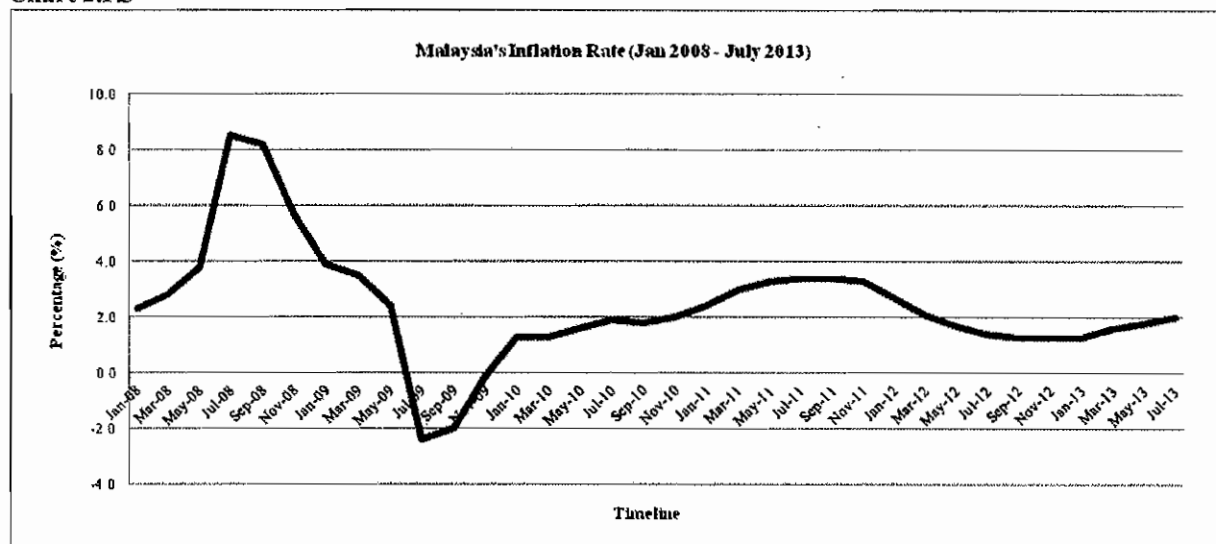


Industry Overview Report

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- Average headline inflation saw a minimal increase of 1.6% in 2010 compared to 0.6% in 2009, 5.4% in 2008 (the latter due to the mid-2008 increase in fuel prices and electricity tariffs causing a multiplier effect) and 2.0% in 2007. The turbulent year of 2009 saw inflation rates falling in tandem with economic growth rates, with inflation rates dipping into the negative zone in June 2009 before increasing to the positive region in December 2009. In 1Q 2010, the country recorded an average inflation of 1.3%; against 1.6% in 2Q 2010, 1.9% in 3Q 2010 and 2.1% in 4Q 2010. With rising fuel and commodity prices, removal of subsidies and the hike in electricity tariff, inflation was recorded at 2.8% in 1Q 2011, 3.3% in 2Q 2011 and 3.4% in 3Q 2011 before stabilizing at 3.2% in 4Q 2011. Overall, the inflation for 2011 averaged at 3.2% (2010: 1.7%). In 1Q 2012, the inflation rate moderated to 2.3%, 1.7% in 2Q 2012, 1.4% in 3Q 2012 and 1.3% in 4Q 2012. Overall, the CPI for 2012 averaged at 1.7%. (Source: Bank Negara Malaysia).
- Inflation continued to rise to 1.5% in 1Q 2013 and 1.8% in 2Q 2013, attributed mainly to higher inflation in the food and non-alcoholic beverages and housing, water, electricity, gas and other fuel categories. However, in August 2013, the inflation rate recorded slightly lower at 1.9% compared to July 2013 (2.0%) (Source: Bank Negara Malaysia). Based on the Economy Report 2013/2014, inflation is expected to increase and average between 2.0% and 2.5% in 2013 (compared to 1.6% in 2012).

Chart 2.1.3



Source: Department of Statistics Malaysia

- Throughout 2009, the Government announced various measures to drive the nation's economic recovery. The measures which have a significant impact on the real estate sector include:-
 - Threshold for purchase of properties by foreigners is increased to RM500,000, above which foreigners will no longer need to refer to the Foreign Investment Committee ("FIC") for the purchase of properties;
 - Homebuyers will be given tax relief on interest paid on housing loans of up to RM10,000 annually for 3 years;
 - The launch of the Green Building Indices in May 2009 for commercial and residential buildings, jointly developed by the Malaysian Institute of Architects and the Association of Consulting Engineers Malaysia – supported by tax incentives for buildings obtaining the Green Building Index Certificate;
 - In July 2009, the Prime Minister announced the deregulation of the FIC, in which all property transactions, except for those involving a dilution of the Government or Bumiputera interests for property valued at RM20 million and above, would no longer require FIC approval; and

7. INDEPENDENT MARKET RESEARCH REPORT (Cont'd)



Industry Overview Report

Prepared for Titijaya Land Berhad

- Increased purchasing power of Employees Provident Fund (“EPF”) contributors via a special scheme utilising current and future savings.
- The Prime Minister also tabled the 10th Malaysia Plan (“10MP”) for the period of 2011 to 2015, which highlights the country’s approach towards becoming a high income and high productivity economy. Among the property-related highlights of the 10MP include:-
 - Redevelopment of certain parcels of land in Kuala Lumpur which includes land in the vicinity of Kampung Baru and Sungai Besi airport, the latter of which will be a mixed development known as Bandar Malaysia and has been entrusted to a consortium of companies which includes 1Malaysia Development Bhd (“1MDB”), Lembaga Tabung Angkatan Tentera (known as “LTAT”) and Qatar Investment Authority;
 - The development of the RM26 billion KL International Financial District (“KLIFD”) via a joint venture between 1MDB and Mubadala Development Company (an Abu Dhabi government investment vehicle); and
 - The creation of a Facilitation Fund worth RM20 billion to help the private sector finance projects such as land reclamation in Westport, Port Klang, the Malaysia Truly Asia Tourism Centre in Kuala Lumpur and Senai High Technology Park in Iskandar Malaysia, Johor.
- On October 7, 2011, the Prime Minister presented Budget 2012 themed “National Transformation Policy”: Welfare for the Rakyat, Well-Being of the Nation. Among the property-related highlights of Budget 2012 are:-
 - The Government will impose a 10% Real Property Gains Tax (“RPGT”) on properties disposed of within two years of purchase. For properties held and disposed of between two and five years of purchase, the RPGT rate remains at 5% while properties sold after five years are not subject to RPGT;
 - Full stamp duty exemption will be granted to those buying residential properties under Project Perumahan 1Malaysia. This covers properties below RM300,000 with sale and purchase agreements executed between 1 January 2012 and 31 December 2016;
 - Households earning a monthly income of RM3,000 and below will receive a one-off RM500 cash assistance. The Government will introduce Skim Amanah Rakyat 1Malaysia to increase disposable income and encourage savings among those with a monthly household income of below RM3,000;
 - The maximum house price for low income homebuyers under the My First Home Scheme will be increased from RM220,000 to RM400,000. This improved scheme will be available to house buyers through joint loans of husband and wife beginning January 2012;
 - Under the ongoing Program Perumahan Rakyat, the Government will allocate RM443 million for the construction of 8,000 affordable homes for sale and 7,000 for rent. Syarikat Perumahan Negara Bhd will build 10,000 homes for the low-income group in 2012 in which the units will be sold at RM45,000 each with the Government subsidising RM20,000 of the construction costs;
 - The Government intends to develop several plots of Government-owned land around Sungai Besi and Sungai Buloh. In 2011, 1,880 houses will be built in Putrajaya and Bandar Tun Razak, while in 2012, a total of 7,700 houses will be built in Cyberjaya, Putra Heights, Seremban, Dainansara and Bukit Raja. The Government also provides 100% stamp duty exemption on loan instruments for the purchase of houses;

7. INDEPENDENT MARKET RESEARCH REPORT (Cont'd)



Industry Overview Report

Prepared for Titijaya Land Berhad

- To encourage the construction of more houses which adopts the build-then-sell concept, Islamic banks have agreed to provide Syariah-compliant financing and undertake construction risks. Instalments will only commence after the finance property is completed. This scheme will be implemented for houses priced below RM600,000;
- An incentive package has been proposed to accelerate the development of KLIFD:-
 - ✓ Income tax exemption of 100% for a period of 10 years and stamp duty exemption on loan and service agreements will be given to KLIFD-status companies;
 - ✓ Industrial Building Allowance and Accelerated Capital Allowance for KLIFD Marquee Status Companies; and
 - ✓ Income tax exemption of 70% for a period of five years for property developers in KLIFD.
- The concessionary tax rate of 10% on dividends of non-corporate institutional and individual investors in Real Estate Investment Trusts ("REITs") up to December 31, 2011 will be extended for a period of five years commencing January 1, 2012 until December 31, 2016;
- The income tax exemption for shipping companies is to be reduced from 100% to 70% of statutory income starting from 2012;
- The Small and Medium Enterprises ("SME") sector will be supported by a Syariah-compliant SME financing fund totalling RM2 billion. The fund is to be managed by selected Islamic banks with the Government financing 2% of the profit rate. The Government will provide RM100 million for the SME Revitalisation Fund which offers soft loans of up to RM1 million to entrepreneurs to revive their business. The Government will also establish a RM500 million Syariah-compliant Commercialisation Innovation Fund to financially support SMEs in the commercialisation of research products;
- The Government will release RM2.5 billion out of the RM20 billion allocated for the public-private partnership facilitation fund in 2012. An estimated RM300 million has been earmarked for Bumiputera entrepreneurs;
- The Government will allocate RM978 million in 2012 to boost the development of 5 regional corridors which include the Johor Baru-Nusajaya Coastal Highway (Iskandar Malaysia), the heritage tourism development in Taiping, Perak (Northern Corridor Economic Region), the agropolitan scheme in Besut, Terengganu (East Coast Economic Region), the palm oil industrial cluster in Lahad Datu, Sabah (Sabah Development Corridor) and the Samalaju water supply (Sarawak Corridor of Renewable Energy); and
- The Second Rolling Plan ("RP2") will be allocated RM98.5 billion for high-impact development projects commencing in 2012. RP2's main projects include the construction of the Gemas-Johor Baru double-tracking rail project, Lebuhraya Pantai Timur Jabor-Kuala Terengganu, Lebuhraya Pantai Barat Banting-Taiping, Lebuhraya Segamat-Tangkak, Lebuhraya Central Spine, Kota Marudu Ranau road and the redevelopment of the Sungai Besi Kuala Lumpur Air Base.

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- Prime Minister, Datuk Seri Najib Tun Razak, presented Budget 2013 on 28th September 2012. Among the highlights of Budget 2013 relating to the housing and property sectors are:-
 - The government will allocate RM1.9 billion to build 123,000 affordable housing units in strategic locations in 2013. The initiative will be implemented by PRIMA, Syarikat Perumahan Nasional Berhad (SPNB) and National Housing Department;
 - A total of RM500 million will be spent by PRIMA to build 80,000 houses in major locations nationwide with the selling price ranging between RM100,000 and RM400,000 per unit. Among the locations are Kuala Lumpur, Shah Alam, Johor Bahru, Seremban and Kuantan;
 - PRIMA will provide the Housing Facilitation Fund totalling RM500 million to build 30,000 houses in collaboration with private housing developers. The house prices under this programme will be 20% lower than the market price and distributed through an open balloting system;
 - RM320 million will be allocated through SPNB to build 22,855 residential units including low and medium-low apartments, Rumah Mesra Rakyat and Rumah Mampu Milik. SPNB's housing projects, which will be implemented immediately, including the construction of 1,855 medium-cost apartment units with a built-up area of 850 square feet in Shah Alam and Sungai Buloh. These units will be sold at about RM120,000 to RM220,000 per unit;
 - My First Home Scheme, which was launched under the previous Budget, will be improved by increasing the income limit for individual loans from RM3,000 to RM5,000 per month or joint loans of husband and wife of up to RM10,000 per month. In addition, the requirement for a savings record equivalent to three months instalment and minimum employment of six months will be abolished;
 - A sum of RM543 million will be provided to the National Housing Department for the implementation of 45 projects under the Rakyat Housing Programme (PPR) involving 20,454 units which will be constructed using the Industrialised Building System (IBS). These units of houses will be sold at a price of between RM30,000 and RM40,000 per unit, much lower than the market price of about RM120,000 per unit. The Government will also allocate 20% of the PPR houses to public sector employees and partly to the disabled;
 - SPNB will build a total of 21,000 houses in 2013 and construct the houses priced at RM65,000 per unit with a subsidy of RM20,000 as well as a 2% subsidy on interest rate;
 - In the 2009 Budget, the Government had given a 50% stamp duty exemption on the instruments of transfer agreements and loan agreements for the purchase of the first residential property of up to RM350,000. The Government has extended the exemption to 31 December 2014 with the price limit on residential properties raised to RM400,000, effective sale and purchase agreement executed from 1 January 2013 to 31 December 2014;
 - The government will impose a 15% Real Property Gains Tax (RPGT) on properties disposed of within two years of purchase. For properties held and disposed of between two and five years of purchase, the RPGT rate remains at 10% while properties sold after five years are not subjected to RPGT. In addition, gains from the disposal of one residential property once in a lifetime and disposal of properties based on love and affection between husband and wife, parents and children, grandparents and grandchildren are exempted from RPGT;
 - The Government will allocate RM100 million to the Ministry of Housing and Local Government to revive 30 abandoned housing projects. In addition, to encourage the involvement of the private sector, the Government will provide tax incentives;

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- The Government will continue to accelerate the implementation of the 12 National Key Economic Areas (NKEAs). In 2013, a sum of RM3 billion is allocated for the implementation of entry point projects (EPPs). This includes RM1.5 billion for agriculture projects such as oil palm, rubber, high-value herbs and paddy. A total of RM500 million will be allocated for the River of Life project for the beautification of the Klang River. An additional RM300 million is provided for replacement of water pipelines to improve water supply and sewage system;
- A sum of RM9 billion or 43% of the total infrastructure cost of the MRT project has been allocated to Bumiputera companies;
- The SME Bank will provide RM1 billion to the Bumiputera Financing Fund to assist local SMEs to finance the acquisition of GLC subsidiaries engaged in non-core activities; and
- In the Budget 2010, the Government established the Green Technology Financing Scheme (GTFS) with a fund of RM1.5 million for three years ending 31 December 2012. The fund for GTFS will be increased by RM2 billion and the application period extended for another three years ending 31 December 2015.
- Prime Minister, Datuk Seri Najib Tun Razak, presented Budget 2014 on 25 October 2013 themed "Strengthening Economic Resilience, Accelerating Transformation and Fulfilling Promises". Among the highlights of Budget 2014 relating to the housing and property sectors are:-
 - The Government will impose Goods & Services Tax (GST) at 6%, effective from April 1, 2015. GST will not be imposed on basic food items such as rice, sugar, salt, piped water supply, and the first 200 units of electricity per month for domestic consumers. Sale, purchase and rental of residential properties and selected financial services are exempted from GST;
 - The Government will allocate RM1 billion to build 80,000 PRIMA units, with the house prices being 20% lower than the market price; RM578 million to be allocated for National Housing Department (JPN) to build 16,473 Program Perumahan Rakyat housing units and RM146 million to build 600 units for Program Perumahan Rakyat Disewa and Perumahan Rakyat Bersepadu;
 - A total of RM300 million will be used to subsidise private developers for construction of low and medium-cost homes under MyHome scheme;
 - Syarikat Perumahan Negara Bhd ("SPNB") will build a total of 15,122 units of affordable houses, 3,000 units of Rumah Idaman Rakyat and 8,000 units of Rumah Mesra Rakyat.
 - The new category of Rumah Mesra Rakyat will be sold at a price ranging from RM45,000 to RM65,000 per unit with a subsidy of RM15,000 to RM20,000 for every unit;
 - A total of 223,000 units of affordable houses will be built by the Government and private sector in 2014;
 - RM1 billion will be allocated for Housing Facilitation Fund under Public Private Partnership Unit (UKAS);
 - Proposed establishment of National Housing Council to further strengthen the real estate market and increase opportunities for the people to own the houses;
 - The Government will allocate RM82 million to the Ministry of Housing and Local Government to revive 20 abandoned housing projects which involve 8,197 houses;

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- In Budget 2014, Real Property Gains Tax (RPGT) has been revised upwards from Budget 2013. For properties disposed of within three years of purchase, the RPGT rate has been revised from 20% currently to 30% effective 1st January 2014. For properties held and disposed in the fourth and fifth year of purchase, the new RPGT regime imposes a 20% and 15% tax on gains respectively while properties sold after five years are not subjected to RPGT for individual citizens and permanent residents. For properties held by companies, a 5% tax on gains continues to be imposed for disposal made in the sixth and subsequent years. Meanwhile, for non-citizens, a flat rate (RPGT) of 30% is imposed on gains for disposal of properties within 5 years. For disposal made in the sixth and subsequent years, the RPGT rate for non-citizens is 5%;
- Since 2009, foreigners were allowed to purchase properties worth RM500,000 and above. In this latest Budget (2014), it was announced that the minimum price of property that can be purchased by foreigners will be increased from RM500,000 to RM1,000,000;
- The Government will prohibit developers from implementing projects that have features of Developer Interest Bearing Scheme ("DIBS") to prevent developers from incorporating the interest rates on loans in house price during the construction period. Financial institutions are prohibited from providing the final funding for projects involved in the DIBS scheme;
- A sum of RM106 billion for public investments will be allocated. Projects to be implemented include a 316-kilometre West Coast Expressway from Banting to Taiping, double-tracking rail project along west coast Malaysia from Ipoh to Padang Besar and later from Gemas to Johor Bahru and various projects from state oil firm Petronas under its RM300 billion capex programmed, including a petrochemicals plant in Johor;
- A sum of RM62 million will be spent for "park and ride" facilities at LRT, KTM Komuter and ERL stations, RM28 million for "last city terminals" bus stop upgrades and RM15.3 million will be allocated for Centralised Taxi Service System;
- There are also regulatory measures implemented by the government and Bank Negara Malaysia in promoting a stable and sustainable property market as well as curbing excessive household debts which amongst others include the following:-
 - A maximum loan-to-value ("LTV") ratio of 70% to the third house financing facility taken out by the borrower, effective 3rd November 2010 by Bank Negara Malaysia.
 - Effective 1st January 2012, housing loan eligibility to be based on net income instead of gross income.
 - Reintroduction of the Real Property Gains Tax ("RPGT"), 1976 in Budget 2010. With effect from 1st January 2010, a flat rate of 5% on the gain is imposed on the disposal of any real property, regardless of the year of disposal.
 - However, effective 1st January 2014, the Government will impose a 30% RPGT on properties disposed within three years of purchase. For properties held and disposed of between the fourth and fifth years of purchase, the RPGT rate is increased to 20% and 15% respectively. Citizens and permanent residents are not subject to RPGT for disposal made after the fifth year, while the disposal by companies will be taxed at a rate of 5%. For non-citizens, RPGT will be imposed at a flat rate of 30% on the gains from disposal of properties made within 5 years and gains from disposal thereafter (sixth and subsequent years) will be chargeable at 5%.
 - Limiting maximum tenure of 35 years for financing granted for the purchase of residential and non-residential properties, effective 5 July 2013.
 - As announced in Budget 2014, developers are now prohibited from implementing projects that feature Developer Interest Bearing Scheme (DIBS). Financial institutions are also prohibited from providing final funding for projects that incorporate the DIBS.

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- Another new measure announced in this latest budget is increase transparency in property sales price, where property developers will have to display sales price including all benefits and incentives offered to buyers such as exemption of legal fee, stamp duty, sales agreements, cash rebates and free gifts in Budget 2014.

The implementation of these measures is expected to moderate the excessive investment and speculative activities particularly in residential properties, which have resulted in higher than average price increases and contributing to the declining overall affordability of homes for genuine house buyers. These measures however are likely only to have an impact on the property market in the short term and is not expected to have any or only minimal negative impact on the property market in the mid to long run.

Therefore, overall, the Malaysian economy is expected to be challenging throughout 2013 and the overall property market performance for 2013 will be subject to the local and global economic environment. The greater private-sector participation, implementation of the Economic Transformation Programme and improvement in external demand from regional economies are expected to continue to be the key drivers of economy growth. Public sector expenditure is also expected to lend strong support to the overall growth performance.

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2.2 SELANGOR'S ECONOMIC GROWTH

- The state of Selangor ("Selangor" or "State") is Malaysia's richest and most developed state, housing the country's largest port and international airport. On August 27, 2005, the Selangor State Government declared Selangor as Malaysia's first "developed state".

Table 2.2.1

| Annual Growth for Selangor & Malaysia (2006 – 2010) | | | |
|---|--------------------------|---|--------------------------|
| Year | Growth rate for Selangor | % of Malaysia's GDP (at constant year 2000 prices) | Growth rate for Malaysia |
| 2006 | 5.1% | 21.2 | 5.8% |
| 2007 | 7.6% | 21.5 | 6.2% |
| 2008 | 8.3% | 22.1 | 4.7% |
| 2009 | -1.0% | 22.1 | -1.7% |
| 2010 | 10.8 | 23.0 | 7.2% |

Source: Department of Statistics Malaysia

- In 2008, the average annual growth rate for Selangor was 8.3%, representing a 360-basis-point difference from the national growth rate of 4.7%. However, as a result of the global financial crisis in 2009, Selangor's growth rate dropped to -1.0%, marginally better than the national growth rate of -1.7%. In 2010, Selangor registered a growth rate of 10.8%, the highest in five years, representing a 360-basis-point difference from the national growth rate of 7.2%. It is noted that Selangor has consistently contributed more than 20% to the country's total GDP over the last 5 years.

Table 2.2.2

| GDP Per Capita in Selangor and Malaysia (2006 – 2010) | | | | | |
|---|--------|--------|--------|--------|--------|
| Year | 2006 | 2007 | 2008 | 2009 | 2010 |
| Selangor (at current prices) (RM) | 23,377 | 25,481 | 28,439 | 28,040 | 31,363 |
| Malaysia (at current prices) (RM) | 21,409 | 23,617 | 26,959 | 24,375 | 27,113 |

Source: Malaysia Economic Statistics - Time Series 2011

- It is also observed that the GDP per capita in Selangor is 5.49% to 15.68% higher than the GDP per capita in Malaysia during 2006 to 2010. The GDP statistics for Selangor shows that it is a highly productive state and is conducive for businesses.

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Table 2.2.3

| Distribution of GDP by Sectors in Selangor (2005 - 2010) (%) | | | | | | |
|--|-------|-------|-------|-------|-------|-------------------|
| Sector | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 ^p |
| Agriculture | 1.38 | 1.60 | 1.40 | 1.53 | 1.71 | 1.64 |
| Mining & Quarrying | 0.15 | 0.15 | 0.15 | 0.14 | 0.14 | 0.13 |
| Construction | 4.88 | 4.66 | 5.00 | 4.80 | 5.10 | 4.66 |
| Manufacturing | 38.96 | 37.56 | 35.05 | 33.95 | 31.81 | 34.06 |
| Services | 50.44 | 52.96 | 55.56 | 56.16 | 58.09 | 56.49 |
| Plus : import duties | 4.19 | 3.07 | 2.84 | 3.42 | 3.15 | 3.02 |

Source: Department of Statistics

Note: ^p = preliminary

- The largest contributor to Selangor's economy is the services sector which has been consistently contributing more than 50% of Selangor's GDP since 2005. The manufacturing sector is the second largest contributor, constituting 34.06% in 2010.
- In line with the Malaysian Government's Third Industrial Master Plan 2006 – 2020 which was launched on 18th August 2006, the Selangor State Investment Centre ("SSIC") has outlined its policies aimed at attracting investors by encouraging the following industrial developments:-
 - Quality projects that are skill-intensive and have high-value capital;
 - Industries that encourage the development of Research and Development ("R&D") sectors;
 - Industries that possess the potential to develop the state by using local natural resources;
 - Priority to be given to high-technology, aerospace, information-technology industries utilising skilled labour and marine activities;
 - Priority to be given to eco-friendly industries that preserve and protect the environment (non-polluting industries) and which consume low power and water; and
 - Industries that offer business opportunities for local entrepreneurs and are not labour-intensive.
- To achieve the goal of industrialisation and attract investors to Selangor, the State Government has played an important role in developing various major industrial areas within Selangor, namely Pulau Indah Industrial Park, Selangor Science Park 2, Port Klang Free Zone, Zurah Industrial Area, Klang Valley II, Selangor Halal Hub, the Information and Communications Technology ("ICT") investment havens of Cyberjaya, University Putra Malaysia – Malaysian Technology Development Cooperation ("UPM-MTDC") and i-City of Shah Alam.
- SSIC is also constantly pursuing opportunities that will generate long-term businesses for the state. ICT is one of the key investment choices for global innovators and investors. The country's established ICT locations such as Cyberjaya are mainly located in Selangor and this will further enhance business and revenue for the manufacturing sector in the state.

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Table 2.2.4

Approved Foreign Direct Investment for the Manufacturing Sector in Selangor (2007 - 2012) (RM)

| Country | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 |
|------------------------|---------------|---------------|-------------|---------------|---------------|---------------|
| Albania | - | - | - | 16,011,424 | - | - |
| Australia | 7,513,912 | 66,848,452 | 18,717,155 | 27,970,000 | 182,443,361 | 27,723,106 |
| Austria | - | 35,200,000 | - | 15,999,500 | - | 8,862,900 |
| Bahamas | - | - | - | 1,821,663 | - | - |
| Bangladesh | - | 891,360 | - | 26,007,362 | 2,560,000 | - |
| Belarus | - | - | - | 138,174,000 | - | - |
| Belgium | - | - | 8,474,153 | 156,663,340 | - | 62,895,168 |
| British Virgin Islands | 15,933,910 | 41,680,675 | 132,000,000 | 14,797,994 | - | 45,511,000 |
| Brunei | - | - | - | 5,176,895 | - | - |
| Canada | 52,700,000 | - | - | 7,950,000 | 193,01,552 | - |
| Cayman Island | - | - | - | 2,109,990,231 | 4,706,000 | - |
| China | 10,899,800 | 30,360,448 | 24,899,997 | 27,837,730 | 66,144,008 | 1,256,853,471 |
| Denmark | 4,190,626 | 90,459,740 | 387,200 | 1,287,629,193 | 34,709,783 | 40,064,901 |
| Egypt | - | - | - | 4,211,973 | - | - |
| Finland | 9,027,004 | - | 123,795,000 | 18,594,955 | - | - |
| France | 39,200,000 | 19,366,315 | 16,641,500 | 50,579,835 | - | 82,782,788 |
| Germany | 300,877,735 | 3,144,254,183 | 250,069,489 | 388,430,593 | 20,732,887 | 381,815,828 |
| Hong Kong | 16,190,000 | 13,333,024 | 5,640,000 | 87,040,293 | 8,662,000 | 6,100,000 |
| India | 20,270,259 | 148,502,464 | 41,238,000 | 334,963,238 | 43,567,000 | 181,152,143 |
| Indonesia | 38,023,698 | 22,106,090 | 2,166,822 | 115,947,533 | - | 10,181,997 |
| Iran | - | - | 142,458,933 | 67,610,761 | 16,517,648 | - |
| Ireland | 13,707,720 | 3,055,140 | - | - | - | - |
| Italy | 32,353,200 | - | - | - | 1,321,325 | 15,319,339 |
| Japan | 1,864,702,684 | 967,224,338 | 308,631,094 | - | 1,245,892,030 | 157,711,431 |
| Korea Rep. | 56,136,240 | 4,869,120 | 79,721,578 | 17,234,936 | 652,113,063 | 27,635,261 |
| Labanon | - | - | - | - | - | 4,433,000 |
| Luxembourg | - | 6,717,315 | 14,713,046 | 14,311,440 | - | - |
| Myanmar | - | 4,489,031 | 49,442 | - | - | - |
| Netherlands | 3,026,910 | 64,987,610 | 85,934,932 | - | 9,776,386 | 2,766,679 |
| New Zealand | 9,273,200 | 1,799,034 | - | 16,669,056 | - | 645,799 |
| Nigeria | - | 7,322,225 | - | - | - | - |
| Norway | - | 941,940 | 798,974 | - | 7,800,000 | - |
| Pakistan | 2,353,400 | - | - | - | 21,321,431 | 2,200,000 |
| Panama | - | - | - | - | - | - |
| Philippines | 4,461,011 | 3,357,500 | - | - | 262,100 | - |

7. INDEPENDENT MARKET RESEARCH REPORT (Cont'd)



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Approved Foreign Direct Investment for the Manufacturing Sector in Selangor (2007 - 2012) (RM)

| Country | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 |
|----------------------|----------------------|----------------------|-----------------------|----------------------|----------------------|-----------------------|
| Russian Federation | - | - | - | - | - | - |
| Saudi Arabia | - | - | - | - | - | 2,021,433 |
| Scotland | - | - | - | 500,000 | - | - |
| Singapore | 154,867,950 | 202,127,804 | 394,818,056 | - | 938,804,083 | 770,567,957 |
| Sweden | 14,000,000 | 28,368,465 | 333,737,532 | - | 216,889,085 | - |
| Switzerland | 27,716,800 | 180,874,501 | 49,554,790 | 2,808,000 | 92,000,000 | 267,520,000 |
| Taiwan | 43,403,520 | 45,114,859 | 30,187,604 | - | 422,635,234 | 7,018,890 |
| Thailand | 77,457,000 | 94,313,606 | 617,100 | - | - | 226,652,056 |
| Turkey | 19,687,236 | - | 9,983,093 | - | - | - |
| United Arab Emirates | 42,500,000 | 90,877,420 | 73,472,984 | 21,380,000 | - | - |
| United Kingdom | 199,729,660 | 647,893,387 | 67,143,666 | 11,828,000 | 27,577,450 | 45,140,333 |
| United States | 19,800,679 | 2,674,546,900 | 1,700,208,255 | 40,600,000 | 72,024,978 | 5,078,900 |
| Others | 1,091,706,784 | 362,863,278 | 135,618,789 | 118,108,904 | 128,502,343 | 790,669,189 |
| Total | 4,191,710,938 | 9,004,746,224 | 4,007,064,184* | 5,146,848,849 | 4,236,263,747 | 4,429,323,569^ |

Source: Selangor State Investment Centre & Malaysian Industrial Development Authority ("MIDA")

Notes: *There is a summation error noted in the total approved FDI in Manufacturing Sector in Selangor for year 2009. Our calculation shows that the total figure is RM4,051,679,184.

^The total approved FDI in Manufacturing Sector in Selangor does not sum the same figure as in the approved industrial investments by districts in Selangor as the copies made available to us.

- Selangor recorded a significant growth in FDI of 114.80% to RM9.00 billion in 2008 from RM4.19 billion in 2007. However, due to economy slowdown in 2009, Selangor's FDI had declined to RM4.00 billion. In 2010, Selangor continued to pull over a total of RM5.15 billion FDI which is about 28.75% higher than year 2009.
- In 2011, Selangor had attracted a total of RM4.24 billion in FDI, a decline of 17.67% from year 2010 (5.15 billion). However, we noted in 2012, Selangor continued to attract a total of RM4.43 billion in FDI, a slightly increase of 4.48% from year 2011 (RM4.24 billion). The FDI in 2012 represented a 37.77% of the total capital investment in Selangor (RM11.73 billion) and 21.25% of total foreign investment in manufacturing projects in Malaysia (RM20.85 billion) respectively.
- The major foreign investors in the manufacturing sector of Selangor since 2005 include those from Australia, China, Denmark, Germany, Hong Kong, India, Japan, Korean Republic, Netherlands, Singapore, Sweden, Switzerland, Taiwan, United Kingdom and the US.

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Table 2.2.5

Approved Industrial Investments in Selangor (2011) (RM)

| District | Projects | Local Investment | Foreign Investment | Total Investment |
|----------------|------------|----------------------|----------------------|----------------------|
| Petaling | 76 | 1,258,952,372 | 685,486,856 | 1,944,439,228 |
| Klang | 80 | 1,663,614,171 | 1,525,896,210 | 3,189,510,381 |
| Kuala Selangor | 18 | 304,773,854 | 46,881,532 | 351,655,386 |
| Hulu Langat | 34 | 306,696,159 | 983,275,969 | 1,289,972,128 |
| Gombak | 25 | 594,463,116 | 230,641,480 | 825,104,596 |
| Kuala Langat | 11 | 29,573,066 | 665,181,761 | 694,754,827 |
| Hulu Selangor | 6 | 238,703,817 | 53,834,838 | 292,538,655 |
| Sepang | 4 | 40,113,058 | 0 | 40,113,058 |
| Sabak Bernam | 0 | 0 | 0 | 0 |
| Other areas | 9 | 67,963,400 | 45,065,100 | 113,028,500 |
| Total | 263 | 4,504,853,013 | 4,236,263,746 | 8,741,116,759 |

Source: Selangor State Investment Centre & MIDA

- In 2011, the district of Klang had the largest amount of foreign investment in Selangor, having attracted RM1.53 billion for 80 projects, followed by the district of Petaling with foreign investments amounting to RM0.69 billion for 76 projects.

Table 2.2.6

Approved Industrial Investments in Selangor (2012) (RM)

| District | Projects | Local Investment | Foreign Investment | Total Investment |
|----------------|------------|----------------------|----------------------|-----------------------|
| Petaling | 97 | 2,577,034,207 | 1,738,593,821 | 4,315,628,028 |
| Klang | 58 | 1,038,954,697 | 739,570,122 | 1,778,524,819 |
| Kuala Selangor | 8 | 36,884,621 | 13,952,499 | 50,837,120 |
| Hulu Langat | 36 | 278,581,421 | 173,756,503 | 452,337,924 |
| Gombak | 19 | 430,250,524 | 38,266,229 | 468,516,753 |
| Kuala Langat | 14 | 494,183,097 | 378,120,002 | 872,303,099 |
| Hulu Selangor | 6 | 2,174,651,507 | 46,399,541 | 2,221,051,048 |
| Sepang | 5 | 197,217,776 | 86,982,617 | 284,200,393 |
| Sabak Bernam | 0 | 0 | 0 | 0 |
| Other areas | 9 | 77,736,517 | 1,213,682,234 | 1,291,418,751 |
| Total | 252 | 7,305,494,367 | 4,429,323,568 | 11,734,817,935 |

Source: Selangor State Investment Centre & MIDA

- We also noted that in 2011, Klang district had the largest amount of total investment in Selangor by both local and foreign investments. However, in 2012, Petaling district has attracted the most foreign investment in the state at 39.25% (RM1.74 billion) of the state's foreign investments for 97 projects, followed by the other areas (9 projects) with 27.40% (RM1.21 billion) and Klang district (58 projects) with 16.70% (RM0.74 billion) of the Selangor's foreign investments (Total for Selangor: RM4.43 billion).
- Therefore, this indicates that Petaling and Klang districts have the potential and anticipated the demand for industrial among other districts.

7. INDEPENDENT MARKET RESEARCH REPORT (Cont'd)



2.3 DEMOGRAPHICS IN THE STATE OF SELANGOR

- Based on the Population Distribution and Basic Demographic Characteristics 2010, the total population in Malaysia stands at 28.33 million. It is projected to increase by 4.07 million (14.37%) to 32.4 million in 2020, another 11.11% to 36.0 million in 2030 and increased another 2.6 million (7.22%) to 38.6 million in 2040. (Source: *Population Projections Malaysia 2010-2040*).
- The following table shows the population growth trend in Malaysia categorised by states (2000 – 2010):-

Table 2.3.1

| Population Growth in Malaysia by States (2000 – 2010) | | | |
|---|----------------------|--------------|--|
| State | Population (million) | | Average annual growth 2000 – 2010 (%) |
| | 2000 | 2010 | |
| Wilayah Persekutuan Kuala Lumpur | 1.31 | 1.67 | 1.9 |
| Selangor | 3.94 | 5.46 | 2.7 |
| Negeri Sembilan | 0.83 | 1.02 | 1.7 |
| Melaka | 0.61 | 0.82 | 2.6 |
| Pulau Pinang | 1.23 | 1.56 | 1.7 |
| Perak | 1.97 | 2.35 | 1.4 |
| Kedah | 1.57 | 1.95 | 1.7 |
| Johor | 2.58 | 3.35 | 2.0 |
| Kelantan | 1.29 | 1.54 | 1.6 |
| Pahang | 1.23 | 1.50 | 1.5 |
| Perlis | 0.20 | 0.23 | 1.2 |
| Sabah | 2.47 | 3.21 | 2.1 |
| Sarawak | 2.01 | 2.47 | 1.8 |
| Terengganu | 0.88 | 1.04 | 1.4 |
| Wilayah Persekutuan Labuan | 0.07 | 0.09 | 1.3 |
| Wilayah Persekutuan Putrajaya | 0.01 | 0.07 | 17.8 |
| Malaysia | 22.20 | 28.33 | 2.0 |

Source: *Population Distribution and Basic Demographic Characteristics 2010, Department of Statistics*

- Selangor is Malaysia's most populous state with 5.46 million, representing 19.27% of Malaysia's total population. Selangor's population growth over a period of 11 years from year 2000 to 2010 is 38.58%. The high growth is attributed to Selangor being the most developed state in the country and its close proximity to the country's capital city and commercial hub of Kuala Lumpur. The Selangor State Structure Plan intends to attain a population of 6.85 million and 7.37 million by 2015 and 2020 respectively which is based on a forecasted population growth of 25.46% within the next 5 years and 34.98% within the next 10 years – this augurs well for the property industry as property developers will continue to play a role in catering to housing needs of the growing population.

7. INDEPENDENT MARKET RESEARCH REPORT (Cont'd)



Industry Overview Report

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Table 2.3.2

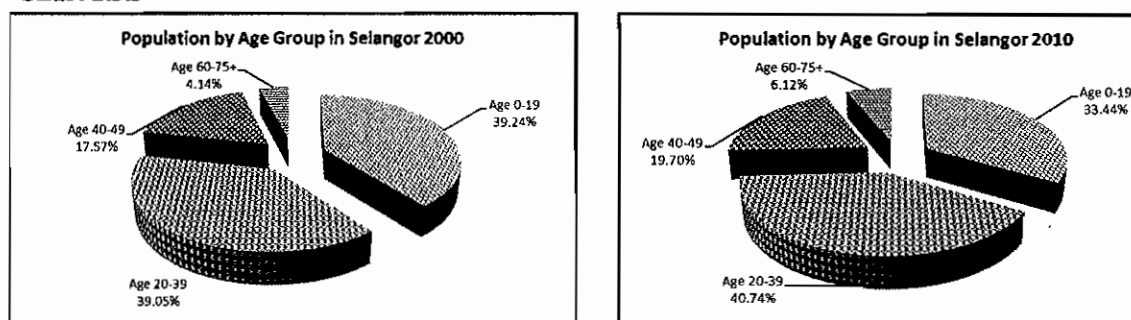
| Population Density & Growth within Selangor & Wilayah Persekutuan Kuala Lumpur (2010) | | | | |
|---|-------------------------|-------------------|--------------------------------|--|
| State/District | Area (kilometre square) | Population | Density (per km ²) | Average Annual Population Growth (2000-2010) % |
| SELANGOR | 8,153* | 5,462,141 | 670 | 2.65 |
| Gombak | 628 | 682,226 | 1,086 | 1.81 |
| Klang | 636 | 861,189 | 1,354 | 2.34 |
| Kuala Langat | 885 | 224,648 | 254 | 0.95 |
| Kuala Selangor | 1,232 | 209,590 | 170 | 2.08 |
| Petaling | 501 | 1,812,633 | 3,618 | 3.68 |
| Sabak Bernam | 1,056 | 105,777 | 100 | -1.22 |
| Sepang | 612 | 211,361 | 345 | 6.03 |
| Ulu Langat | 840 | 1,156,585 | 1,377 | 2.34 |
| Ulu Selangor | 1,764 | 198,132 | 112 | 2.27 |
| WPKL | 243 | 1,674,621 | 6,891 | 1.94 |
| MALAYSIA | 330,803 | 28,334,135 | 86 | 1.97 |

Source: Population Distribution and Basic Demographic Characteristics 2010, Department of Statistics

Note: *The total area for Selangor does not sum to total due to rounding.

- Selangor recorded a population density of 670 people per km² with the Petaling district being the most densely populated area. Population growth implies that demand for residential property will increase in tandem as housing is one of the basic physiological needs.
- The breakdown of population by age groups in Selangor in 2010 based on the latest statistics of the Population Distribution and Basic Demographic Characteristics 2010 is shown in Chart 2.3.3 below.

Chart 2.3.3



Source: Population Distribution and Basic Demographic Characteristics 2010, Department of Statistics

- According to Chart 2.3.3, in 2010, adults aged between 20 and 59 years constituted 60.44% (3,301,178 people) of Selangor's total population (5,462,141 people). This age group comprises the main income-earning group. Those aged 60 years and above constituted only 6.12% of the population (334,289 people), whereas the younger population aged 0 – 19 years constituted 33.44% of the population (1,826,674 people) in Selangor. It is observed that within Selangor, there is a larger proportion of younger population aged between 20 and 59 years when compared to the other age groups. This augurs well for the property industry within Selangor as individuals within this age group are identified as the income-earning category and are deemed as potential buyers of property.

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Table 2.3.4

Population by Age within Districts in Selangor (2010) (Unit: '000)

| District Age | Gombak | Klang | Kuala Langat | Kuala Selangor | Petaling | Sabak Bernam | Sepang | Ulu Langat | Ulu Selangor |
|------------------|---------------|---------------|---------------|----------------|-----------------|--------------|---------------|-----------------|---------------|
| 0 – 4 | 54.84 | 69.19 | 20.93 | 18.66 | 141.53 | 3.57 | 21.85 | 92.55 | 18.68 |
| 5 – 9 | 58.60 | 77.14 | 22.35 | 21.82 | 135.97 | 4.65 | 20.15 | 94.62 | 21.03 |
| 10 – 14 | 57.44 | 72.83 | 22.46 | 21.34 | 120.39 | 5.32 | 17.23 | 90.08 | 21.11 |
| 15 – 19 | 54.22 | 67.44 | 21.70 | 22.29 | 139.31 | 4.70 | 16.62 | 93.60 | 17.75 |
| Sub-total | 225.10 | 286.60 | 87.44 | 84.11 | 537.20 | 18.24 | 75.85 | 370.85 | 78.57 |
| 20 – 24 | 76.05 | 87.18 | 19.25 | 20.81 | 228.80 | 3.44 | 28.36 | 138.33 | 19.56 |
| 25 – 29 | 74.64 | 100.72 | 21.64 | 16.27 | 234.66 | 3.19 | 25.09 | 142.36 | 18.06 |
| 30 – 34 | 57.90 | 78.93 | 17.65 | 15.27 | 176.25 | 2.75 | 20.38 | 105.85 | 13.97 |
| 35 – 39 | 51.64 | 68.73 | 15.22 | 14.54 | 142.73 | 2.88 | 16.61 | 91.10 | 13.03 |
| 40 – 44 | 45.75 | 57.40 | 14.15 | 13.58 | 112.84 | 3.23 | 12.52 | 74.84 | 13.32 |
| 45 – 49 | 39.25 | 47.08 | 12.00 | 10.74 | 93.60 | 3.20 | 8.73 | 65.87 | 11.29 |
| 50 – 54 | 31.98 | 37.06 | 10.14 | 8.81 | 74.72 | 2.74 | 6.64 | 50.34 | 8.39 |
| 55 – 59 | 24.11 | 27.80 | 7.23 | 6.52 | 56.26 | 2.14 | 4.64 | 35.66 | 5.86 |
| Sub-total | 401.32 | 504.90 | 117.28 | 106.54 | 1,119.86 | 23.57 | 122.97 | 704.35 | 103.48 |
| 60 – 64 | 18.38 | 20.87 | 5.74 | 5.58 | 44.84 | 1.82 | 3.27 | 26.89 | 4.52 |
| 65 – 69 | 9.47 | 11.85 | 3.69 | 3.30 | 24.68 | 1.14 | 1.87 | 13.84 | 3.00 |
| 70 – 74 | 6.85 | 8.44 | 2.88 | 2.68 | 17.00 | 0.78 | 1.44 | 10.31 | 2.33 |
| 75+ | 7.60 | 9.48 | 3.21 | 3.06 | 21.95 | 0.82 | 1.97 | 11.95 | 2.51 |
| Sub-total | 42.30 | 50.64 | 15.52 | 14.62 | 108.47 | 4.56 | 8.55 | 62.99 | 12.36 |
| Total | 668.72 | 842.14 | 220.24 | 205.27 | 1,765.53 | 46.37 | 207.37 | 1,138.19 | 194.41 |

Note: The above figures have not been adjusted for under-enumeration.

Source: Population and Distribution by Local Authority Areas and Mukims 2010, Department of Statistics

- As shown in Table 2.3.4 above, the breakdown of population by age according to districts within Selangor (5,288.24 people) as per figures for 2010 indicates that the Petaling district is the most populous district (33.39%), followed by the Ulu Langat district (21.52%), Klang district (15.92%) and Gombak district (12.65%) respectively.
- Petaling district also recorded the highest number of individuals aged between 20 and 59 years (34.95%), which are deemed to be the potential property purchaser age group. This is followed by the Ulu Langat district (21.98%), Klang district (15.76%) and Gombak district (12.52%).

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2.4 UNEMPLOYMENT RATE FOR MALAYSIA AND SELANGOR

- The table 2.4.1 below shows the unemployment rate in Malaysia from 2003 to 2012. The unemployment rate decreased from 3.6% in 2003 to 3.3% in 2006 and 3.2% in 2007. In Selangor, however, the unemployment rate decreased from 3.2% (2003) to 2.7% in 2004 but increased slightly to 3.1% in 2005, rates still lower compared to the national unemployment rates.
- The unemployment rate in Malaysia later showed a gradual increase to 3.7% in 2009 and 3.6% in Selangor from 2008 due to the slowdown in economic activities. In 2010, the employment rate decreased to 3.4% and 3.2% in Malaysia and Selangor respectively due to the gradual recovery in the global economy. The unemployment rate continues to decrease to 3.0% in Malaysia and 2.3% in Selangor respectively. We noted that Selangor have a significant decrease from 3.2% (2010) to 2.3% in 2012 which reflected a much lower rate than national unemployment rates.
- According to Department of Statistic Malaysia, the latest national unemployment rate recorded in August 2013 was at 3.1%, which reflected an increase of 0.1% from the previous month (3.0%).

Table 2.4.1

| Unemployment Rate in Malaysia | | | | | | | | | | |
|--------------------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| Year | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012* |
| Labour force (million persons) | 10.57 | 10.93 | 11.29 | 11.55 | 11.78 | 11.03 | 12.08 | 12.36 | 12.65 | 13.12 |
| Employed (million persons) | 10.18 | 10.55 | 10.89 | 11.16 | 11.41 | 10.66 | 11.63 | 11.94 | 12.23 | 12.72 |
| Unemployment Rate (%) | 3.6 | 3.5 | 3.5 | 3.3 | 3.2 | 3.3 | 3.7 | 3.4 | 3.1 | 3.0 |

Source: Property Market Reports 2003 - 2012

Note: * = preliminary

Table 2.4.2

| Unemployment Rate in Selangor | | | | | | | | | | |
|--------------------------------|------|------|------|------|------|------|------|------|------|------|
| Year | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 |
| Labour force (million persons) | 1.90 | 2.03 | 2.05 | 2.08 | 2.13 | 2.16 | 2.17 | 2.59 | 2.70 | 2.83 |
| Employed (million persons) | 1.83 | 1.97 | 1.99 | 2.02 | 2.06 | 2.09 | 2.10 | 2.51 | 2.64 | 2.76 |
| Unemployment Rate (%) | 3.2 | 2.7 | 3.1 | 3.2 | 3.0 | 3.1 | 3.6 | 3.2 | 2.4 | 2.3 |

Source: Department of Statistics Malaysia

2.5 MEAN GROSS MONTHLY HOUSEHOLD INCOME FOR MALAYSIA AND SELANGOR

- The mean gross monthly household income has increased from RM2,472 in 1999 to RM5,000 in 2012 based on the survey carried out by Department of Statistics.
- Since year 1999 to 2012, the gross monthly household income in Selangor was higher than the national average gross monthly household income.

Table 2.5.1

| Mean Gross Monthly Household Income | | | | | |
|-------------------------------------|-------|-------|-------|-------|-------|
| State / Year | 1999 | 2004 | 2007 | 2009 | 2012 |
| Malaysia | 2,472 | 3,250 | 3,686 | 4,025 | 5,000 |
| Selangor | 4,105 | 5,175 | 5,580 | 5,962 | 7,023 |

Source: Economic Planning Unit and Department of Statistics, Malaysia

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CHAPTER 3

DESCRIPTION OF THE PROPERTY INDUSTRY

3.1 INDUSTRY STRUCTURE

- The property development industry in Malaysia is generally segregated into residential, commercial, industrial, agricultural and development land sectors.

3.2 INDUSTRY PLAYERS AND COMPETITION

- The property development market in Malaysia, although fragmented, is highly-competitive. There are no official statistics and reports on the number of players in Malaysia. However, the number of property development companies listed on Bursa Malaysia Securities Berhad ("Bursa Malaysia") provides an indication of the number of players in the property market in Malaysia. As at 5 September 2013, there are about 87 property development companies listed on the Main Market of Bursa Securities. In addition, there are also many other non-listed property development companies in Malaysia, of which over 900 companies are members of the Real Estate and Housing Developers' Association (REHDA) of Malaysia.
- The Group focuses on 3 sectors of property development, namely the residential, commercial and industrial sectors.

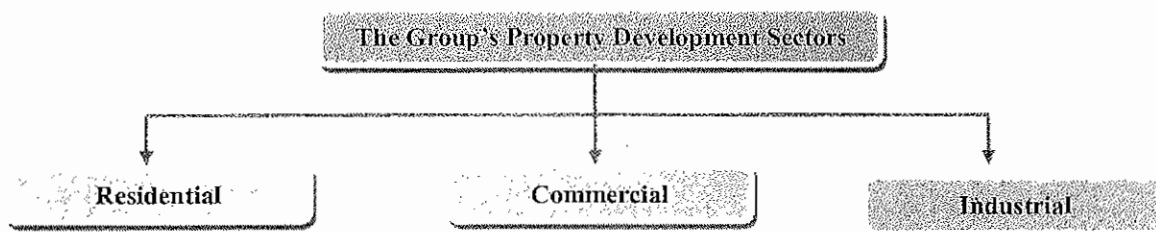


Figure 3.2.1 The Group's property development sectors

- Most of the Group's property developments are located in the Subang Jaya and Klang districts. In addition, the Group has embarked on a commercial development in Bandar Putra Permai, Seri Kembangan. The property developers who have completed or have ongoing projects since year 2001 within these localities competing with the Group's projects include, amongst others:-

Table 3.2.2

| Industry Players in Subang Jaya, Klang and Seri Kembangan | |
|---|-------------------------------------|
| Property Developer | Name of Project(s) |
| Klang | |
| A&M Realty Bhd. | Sentosa Taipan, Klang |
| Gamuda Land Sdn. Bhd. | Bandar Botanic, Klang |
| Mah Sing Group Bhd. | Aman Perdana, Klang |
| NBC Land Sdn. Bhd. | Kota Pendamar, Klang |
| WCT Land Bhd. | Bandar Bukit Tinggi, Klang |
| SP Setia Bhd. | Setia Alam and Setia Ecopark, Klang |
| Sime Darby Group | Bandar Bukit Raja, Klang |

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| Industry Players in Subang Jaya, Klang and Seri Kembangan | |
|---|--|
| Property Developer | Name of Project(s) |
| Subang | |
| Sime UEP Brunsfield Properties | Subang Avenue, Subang Jaya |
| IJM Land Bhd. | 10 Baiduri, Laman Baiduri and The Boulevard, Subang Jaya Latania Town Centre and Pusat Perniagaan Bukit Raja, Klang |
| AmanahRaya Bhd. | Subang Olives, Subang Jaya |
| Lion Group | Saujana Residency, Subang Jaya |
| MCT Homes Sdn. Bhd. | USJ 1 Avenue and One City, Subang Jaya |
| PJ Development Holdings Berhad | Impian Meridian and You One @ Subang Jaya, Subang Jaya |
| Mammoth Empire Holdings Sdn. Bhd. | Empire Subang and Empire Remix @ USJ 1, Subang Jaya |
| Casa Andaman Sdn. Bhd. | Casa Subang, Subang Jaya |
| Sanjung Utama Sdn Bhd (a revival project by the project receiver PricewaterhouseCoopers, and the bridging financier, Ambank (M) Berhad) | Rhythm Avenue, Subang Jaya |
| BHL Group | USJ One Park, Subang Jaya |
| Sime Darby Berhad | Isola Subang, Subang Jaya |
| Global Oriental Berhad | Damen, Subang Jaya |
| Regina Development | Regina USJ 1, Subang Jaya |
| Bina Puri Properties | Main Place Residence, Subang Jaya |
| Bandar Putra Permai, Seri Kembangan | |
| Trinity Group | Zeva @ Equine South, Bandar Putra Permai, Seri Kembangan |
| Global Oriental Berhad | Springville Residence, Equine Boulevard, Permai Square 2 and Equator shop offices, Equine Park, Seri Kembangan |
| Perfect Eagle Development Sdn Bhd | O2 Residence @ Puchong South, Bandar Putra Permai, Seri Kembangan |
| Paragon Promenade Sdn Bhd | Paragon 3, Taman Lestari Puchong, Seri Kembangan |
| Zip Hill Development Sdn Bhd | Univ 360 Place, Serdang |
| Gabungan AQRS Berhad | Kinrara Uptown shop offices, Seri Kembangan |

Source: PA International Property Consultants (KL) Sdn Bhd

3.3 SUBSTITUTE PRODUCTS/PROPERTY TYPES

- In general, while buyers may choose between different property types depending on their needs and budget as well as their preferred developers, there are no practical substitutes for property itself, which provides shelter for daily lives and premises for conducting businesses.
- The Group has developed and/or is developing the following types of residential properties:-
 - Condominiums
 - Land residences such as terraced houses and semi-detached
 - Residential vacant land lots

7. INDEPENDENT MARKET RESEARCH REPORT (Cont'd)



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- The Group has also developed and/or is developing the following types of commercial properties:-
 - Retail shops
 - Serviced apartments/suites
 - Studio office suites
 - SoHo
 - SoFo
 - 2-storey, 3-storey, 4-storey and 6-storey shop-offices
 - Commercial centre
- Recently, the Group has ventured into developing the following types of industrial properties:-
 - Industrial lots
 - Semi-detached factories
 - Detached factories
- In the near future, the Group intends to undertake the following new developments:-
 - Residential properties: Superlink terraced houses and semi-detached houses in Kemensah, Selangor.
 - Commercial properties: Shopping complex and hotel building in Section U1, Shah Alam, Selangor.
- Having a diversified mix of property products may enhance the Group's performance and improve its branding. Therefore, subject to the right demand and supply conditions, the Group may consider the following developments in the future:-
 - Residential properties: Detached houses, bungalow lots, townhouses and cluster houses
 - Commercial properties: Semi-detached/detached shops, resort/leisure properties such as hotel or motel.
 - Industrial properties: Flatted (Industrial units within a low-rise multi-storey stratified building) and terraced factories as well as industrial complexes/warehouses

CHAPTER 4

MARKET SIZE AND SHARE

4.1 MARKET SIZE AND SHARE

- According to the Property Market Report 2012, in the year 2012, the market size of the overall property industry in Malaysia based on 427,520 transactions is valued at a total of RM142.84 billion (2011: 430,403 transactions worth RM137.83 billion). However, in the first half of 2013 ("1H 2013"), the market size of the overall property industry in Malaysia recorded a total of 185,709 transactions worth RM67.06 billion.
- Selangor recorded 96,513 transactions with a total value of RM49.24 billion in 2012, contributing about 22.58% and 34.47% to the national volume and value of transactions respectively (source: Property Market Report 2012). In 1H 2013, Selangor still remained the most dominant state whereby a total of 40,282 transactions worth RM21.92 billion were recorded, contributing about 21.69% and 32.69% to the Malaysia volume and value of transactions respectively. This indicates that Selangor has a very active property market and high population growth due to in-migration and urbanisation. Selangor appeals to a large segment of property buyers and investors due to, amongst other factors, its mature infrastructure with supporting facilities, rapid industrialisation and strategic location near the country's capital city of Kuala Lumpur. The Group's existing land bank which is concentrated mainly in Selangor, primarily in established and upcoming localities of Subang, Meru and Kapar, augurs well for its future growth.

7. INDEPENDENT MARKET RESEARCH REPORT (Cont'd)



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- In 2012, the Group recorded 488 transactions with a total value of RM265.83 million, comprising residential, commercial and industrial properties from projects which include Subang Parkhomes Phase 1 and Phase 2, One SOHO (formerly known as Subang SOHO), Klang Sentral Commercial Centre, Mutiara Point Business Park, First Subang, The Galleria, 3Elements shop offices, SoFo and Nouvo, Seri Alam Industrial Park Phase 1 and Phase 2 and Zone Innovation Park. The Group's market share of the overall property industry in Selangor based on the volume and value of transactions 2012 are estimated at 0.51% and 0.54% respectively (Selangor: Volume: 96,513; Value: RM49.24 billion). The following table depicts the analysis of the Group's market share in three sectors of the property industry: residential, commercial and industrial in Petaling and Klang districts based on the volume and value of transactions in 2012.

Table 4.1.1

| Analysis on the Market Size and Share of the Group in 2012 | | | | | | |
|--|---------------|------------------|--------------|-----------------|--------------|-----------------|
| Property Industry | Residential | | Commercial | | Industrial | |
| | Volume | Value (RM mil) | Volume | Value (RM mil) | Volume | Value (RM mil) |
| SELANGOR | 74,958 | 25,373.91 | 9,695 | 8,709.73 | 3,080 | 5,842.23 |
| Petaling | 29,525 | 13,326.09 | 4,481 | 4,878.48 | 878 | 1,994.55 |
| Klang | 9,936 | 2,734.15 | 1,502 | 921.68 | 743 | 1,282.65 |
| THE GROUP | 130 | 77.19 | 333 | 63.97 | 25 | 124.67 |
| <i>Market Size (Petaling & Klang districts)</i> | <i>0.33%</i> | <i>0.48%</i> | <i>5.57%</i> | <i>1.10%</i> | <i>1.54%</i> | <i>3.80%</i> |

Source: Titijaya Group and Property Market Report 2012

- However, in 1H 2013, the Group recorded 420 transactions with a total value of RM243.09 million, comprising residential, commercial and industrial properties from projects which include Subang Parkhomes Phase 1 and Phase 2, First Subang, Klang Sentral Commercial Centre, The Galleria, 3Elements SoFo and Nouvo, Seri Alam Industrial Park Phase 2 and Zone Innovation Park. The Group's market share of the overall property industry in Selangor based on the volume and value of transactions 1H 2013 are estimated at 1.04% and 1.11% respectively (Selangor: Volume: 40,282; Value: RM21.92 billion). The following table depicts the analysis of the Group's market share in three sectors of the property industry: residential, commercial and industrial in Petaling and Klang districts based on the volume and value of transactions in 1H 2013.

Table 4.1.2

| Analysis on the Market Size and Share of the Group in 1H 2013 | | | | | | |
|---|---------------|------------------|--------------|-----------------|--------------|-----------------|
| Property Industry | Residential | | Commercial | | Industrial | |
| | Volume | Value (RM mil) | Volume | Value (RM mil) | Volume | Value (RM mil) |
| SELANGOR | 31,519 | 12,154.28 | 3,359 | 3,756.19 | 1,312 | 3,159.90 |
| Petaling | 11,438 | 5,754.90 | 1,371 | 1,859.40 | 282 | 1,074.68 |
| Klang | 3,711 | 1,193.98 | 532 | 438.85 | 438 | 843.76 |
| THE GROUP | 258 | 165.33 | 148 | 46.97 | 14 | 30.79 |
| <i>Market Size (Petaling & Klang districts)</i> | <i>1.70%</i> | <i>2.38%</i> | <i>7.78%</i> | <i>2.04%</i> | <i>1.94%</i> | <i>1.60%</i> |

Source: Titijaya Group and Property Market Report First Half 2013

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7. INDEPENDENT MARKET RESEARCH REPORT (Cont'd)



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CHAPTER 5 LAWS AND REGULATIONS

5.1 LAWS AND REGULATIONS AFFECTING THE MALAYSIAN PROPERTY INDUSTRY

- The property development industry in Malaysia is governed by a set of laws and regulations, which include, amongst others:-
 - Building and Common Property (Maintenance and Management) Act 2007
 - Environmental Quality Act 1974 & Regulations, Rules & Order
 - Federal Territory of Kuala Lumpur Land Rules 1995
 - Guideline on the Acquisition of Properties by the Economic Planning Unit, Prime Minister's Department
 - Housing Development (Control and Licensing) Act 1966 (revised 1973) & Regulations
 - Housing Development (Control and Licensing) Regulations 1989
 - Housing Development (Housing Development Account) Regulations 1991
 - Land (Group Settlement Areas) Act 1960
 - Land Acquisition Act 1960 & Rules & Order
 - Land Conservation Act 1960
 - Local Government Act 1976 & Subsidiary Legislation
 - Malaysian Construction Industry Development Board Act 1994
 - National Land Code (Act 56 of 1965) & Regulations
 - Selangor Land Rules 2003 & Selangor Quarry Rules 2003
 - Strata Titles Act 1985 & Rules & Order
 - Street, Drainage and Building Act 1974
 - Town & Country Planning Act 1976 (Act 172)
 - Uniform Building By-Laws 1984
 - Water Services Industry Act 2006 (Act 655), Regulations, Rules & Orders
 - Architects Act 1967 (Act 117) & Rules
- Other policies implemented by the federal, state and local governments include a foreign ownership policy, low-cost housing policy as well as allocation of a percentage of properties for Bumiputera purchasers.
 - **Foreign ownership policy**
The Economic Planning Unit implemented the new FIC Guidelines on 1 January 2010 which states that foreigners are allowed to purchase residential properties priced at RM500,000 and above. Following the announcement of Budget 2014, the minimum price of property that can be purchased by foreigners will be increased from RM500,000 to RM1,000,000;
 - **Low-cost housing policy**
In line with the National Housing Policy, the government imposed a low-cost housing quota upon private sector developers for housing projects, by which the low-cost allocation is determined by the State government.

Residential developments of 10 acres and above within and outside Klang Valley are required to allocate 50% (20% for low cost; 20% for low medium; 10% for medium cost) and 40% (20% for low cost; 10% for low medium; 10% for medium cost) of their housing units respectively. For all residential developments of 50 units and above, with a land area of between 2 to less than 10 acres, 30% must be designated for medium-cost housing units.

All commercial developments of 50 units and above in Selangor have to allocate 20% of their units as low-cost commercial units with a selling price of RM120,000 each.

All industrial developments of 10 acres and above in Selangor have to allocate 30% of their units as low-cost industrial units at a selling price of RM150,000 each.

7. INDEPENDENT MARKET RESEARCH REPORT (Cont'd)



- o **Bumiputera housing**

Since the introduction of the National Economic Policy in the 1970s, housing developers in Malaysia are required to set aside at least 30% of their housing units for Bumiputera purchasers, in order to encourage more Bumiputera to own houses and to promote multi-racial interaction among the Malaysian population.

According to the Blueprint Perumahan Negeri Selangor Darul Ehsan (2004 – 2014) by Lembaga Perumahan dan Hartanah Selangor (“LPHS”), the allocation for residential areas is based on areas of State Constituencies.

For commercial areas of less than 50 units, the proportion depends on Pejabat Tanah dan Galian. If the commercial development has more than 50 units, there is an allocation of 50% for low-cost units priced at RM120,000.

For industrial areas less than 10 acres, 40% are allowed for Bumiputera ownership, whereas industrial developments of more than 10 acres have to allocate 50% of its units to be sold at a low-cost price of RM150,000.

The Bumiputera discount for property purchase is fixed by the State government at 7% for residential properties and 10% for commercial or industrial properties. The discount is not applicable for low-cost units.

In additional, the developers may apply for release of their Bumiputera-allocated units once they have advertised with LPHS for 3 months and were unsuccessful in selling those units. A percentage of contribution is given to the State government for the release or reduction of the Bumiputera allocation at the following rates:-

- ✓ Residential areas: 7% of the selling price per unit released
- ✓ Commercial areas: 10% of the selling price per unit released
- ✓ Industrial areas: 10% of the selling price per unit released

- The above laws and regulations are principally designed in the broad sense to achieve the Government's aspirations of providing affordable housing to the general population, as well as to control and protect individual consumers by setting the minimum standards to the property sector. These laws and regulations also regulate the industry by means of providing consultancy, quality accreditation, R&D, promoting usage of high technology as well as manpower training services.

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7. INDEPENDENT MARKET RESEARCH REPORT (Cont'd)



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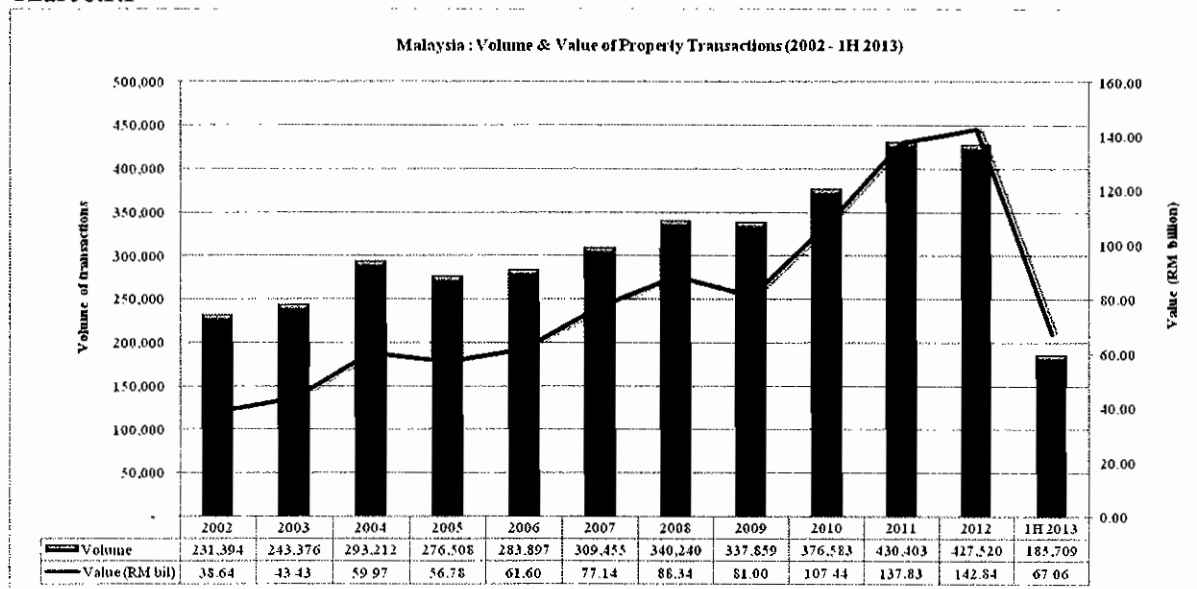
CHAPTER 6

PROPERTY MARKET ACTIVITIES

6.1 PROPERTY MARKET ACTIVITIES IN MALAYSIA

- According to the Property Market Report 2012, the Malaysian property market recorded a total of 427,520 transactions with a total value of RM142.84 billion. The volume of transactions in 2012 decreased by 0.67% whilst the value of transactions recorded an increase of 3.63% when compared to the previous year (2011: 430,403 transactions worth RM137.83 billion).
- In first half of 2013 ("1H 2013"), our nation property market recorded a total of 185,709 transactions worth RM67.06 billion. Compared to first half of 2012 ("1H 2012"), the volume and value of property transactions decreased by 14.45% and 2.81% respectively (1H 2012: Volume: 217,067; Value: RM69.00 billion).
- Compared with the previous year, the volume of property transactions declined for the first time after 2009. However, the value of property transactions still remains on an increasing trend since 2009.
- Chart 6.1.1 below shows that the property market in Malaysia generally has been experiencing an increase in both volume and value of property transactions between the years of 2002 to 2012. In the 11-year period from 2002 to 2012, the number of transacted properties in Malaysia has risen by 84.76%, whereas the value of transactions has grown by 269.67%.

Chart 6.1.1



Source: Property Market Reports 2003 – First Half 2013, Jabatan Penilaian & Perkhidmatan Harta

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7. INDEPENDENT MARKET RESEARCH REPORT (Cont'd)



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6.2 PROPERTY MARKET ACTIVITIES IN SELANGOR

- As depicted in Table 6.2.1 below, the total transactions in Selangor in terms of volume and value have shown annual increments since 2008 to 2011. Most property sectors experienced a year-on-year increase in the volume and value of transactions except for those from the industrial and other sectors.
- However, in 2012, the number of properties transacted decreased by 1.73% between 2011 and 2012, compared to an increase of 8.62% in the corresponding period of 2010 to 2011. The total value of properties transacted continued to rise by 13.79% between 2011 and 2012 compared to an increase of 18.19% from 2010 to 2011.
- The total transactions in Selangor declined for the first time after 2008 in 2012. Most of property sectors experienced a year-on-year decrease in the volume of transactions except for development land and other sectors. This shows that demand for property is slower in 2012 but the property prices trended upwards, caused mainly by scarcity of land in prime locations, higher prices of new property launches in prime locations and preference for properties as assets to hedge against the inflation – all these reasons which may have attributed to the recent property prices movement.

Table 6.2.1

| Transaction Volume & Value of Principal Property Sectors in Selangor (2008 – 2012) | | | | | | | | | | |
|--|-----------------------|---------------|---------------|---------------|---------------|------------------|------------------|------------------|------------------|------------------|
| Sectors | Volume (No. of Units) | | | | | Value (RM mil) | | | | |
| | 2008 | 2009 | 2010 | 2011 | 2012 | 2008 | 2009 | 2010 | 2011 | 2012 |
| Residential | 64,175 | 64,727 | 69,445 | 75,344 | 74,958 | 15,980.67 | 16,834.90 | 20,185.30 | 23,110.70 | 25,373.91 |
| Commercial | 6,539 | 6,880 | 9,002 | 10,034 | 9,695 | 4,983.35 | 5,077.00 | 7,510.52 | 7,490.26 | 8,709.73 |
| Industrial | 2,812 | 2,700 | 3,124 | 3,743 | 3,080 | 4,103.23 | 3,486.94 | 5,054.81 | 6,161.59 | 5,842.23 |
| Agriculture | 4,605 | 5,048 | 5,906 | 6,085 | 5,741 | 1,057.99 | 1,044.58 | 1,676.05 | 1,934.33 | 1,960.24 |
| Development land | 2,518 | 2,513 | 2,891 | 2,999 | 3,015 | 1,573.15 | 1,592.98 | 2,145.35 | 4,564.38 | 7,349.86 |
| Others | 2 | 11 | 46 | 6 | 24 | 2.20 | 3.04 | 42.45 | 14.12 | 5.26 |
| TOTAL | 80,651 | 81,879 | 90,414 | 98,211 | 96,513 | 27,700.60 | 28,039.45 | 36,614.49 | 43,275.37 | 49,241.22 |

Source: Property Market Reports 2008 – 2012, Jabatan Penilaian & Perkhidmatan Harta

Note: The Value of Transactions (RM million) for 2008, 2009, 2010, 2011 and 2012 do not sum to total due to rounding.

- The majority of the transactions were those of residential properties, constituting about 77.67% of the total number and 51.53% of the total value of property transactions in Selangor in 2012 (2011: Residential Volume: 76.72% and Value: 53.40%).
- Table 6.2.2 below shows that the total transactions in Selangor in terms of volume and value have shown annual increments in general since first half 2009 (“1H 2009”) to first half 2011 (“1H 2011”). However, in 1H 2012, the total number of properties transacted dropped on year-on-year basis whilst the value of transactions continued to rise.
- In 1H 2013, there were 40,282 transactions recorded worth RM21,917.40 million for Selangor. Both volume and value of transactions decreased by 17.15% and 4.01% respectively (1H 2012: 48,619 transactions worth RM22,833.75 million).

7. INDEPENDENT MARKET RESEARCH REPORT (Cont'd)



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- In terms of volume, the residential sub-sector remained the most dominant sector, contributed about 78.25% from the overall property market activity, followed by commercial (8.34%), agricultural (6.94%), industrial (3.26%) and development land sub-sectors (3.21%) in 1H 2013. By value, only industrial, agricultural and other sub-sectors registered positive growths against 1H 2012 although the volume of the said sub-sectors registered negative growth against 1H 2012. Residential sub-sector registered the highest at 55.45%, followed by commercial (17.14%), industrial (14.42%), development land (7.81%), agricultural (5.16%) and other sub-sectors (0.02%).
- Generally, all the sub-sectors have decreased in volume of property transactions in 1H 2013 from 1H 2012. This indicated that the demand for property is generally slower in 1H 2013 due to concerns over the general election in the country, the global economy environment and the regulatory measures implemented by the government and Bank Negara Malaysia in promoting a stable and sustainable property market.

Table 6.2.2

| Transaction Volume & Value of Principal Property Sectors in Selangor (1H 2009 – 1H 2013) | | | | | | | | | | |
|--|-----------------------|---------------|---------------|---------------|---------------|------------------|------------------|------------------|------------------|------------------|
| Sectors | Volume (No. of Units) | | | | | Value (RM mil) | | | | |
| | 1H 2009 | 1H 2010 | 1H 2011 | 1H 2012 | 1H 2013 | 1H 2009 | 1H 2010 | 1H 2011 | 1H 2012 | 1H 2013 |
| Residential | 31,573 | 33,260 | 38,424 | 37,616 | 31,519 | 7,793.33 | 9,134.59 | 11,635.78 | 12,228.60 | 12,154.28 |
| Commercial | 3,185 | 4,114 | 4,801 | 5,089 | 3,359 | 2,008.78 | 3,712.53 | 3,775.03 | 4,517.61 | 3,756.19 |
| Industrial | 1,217 | 1,399 | 1,941 | 1,414 | 1,312 | 1,569.63 | 2,323.86 | 2,887.49 | 2,599.26 | 3,159.90 |
| Agriculture | 2,711 | 2,982 | 3,136 | 2,992 | 2,796 | 456.09 | 915.02 | 750.61 | 778.03 | 1,129.96 |
| Development land | 1,204 | 1,434 | 1,619 | 1,496 | 1,295 | 744.35 | 851.94 | 1,811.48 | 2,708.22 | 1,712.56 |
| Others | 6 | 32 | 3 | 12 | 1 | 2.35 | 103.48 | 7.70 | 2.02 | 4.50 |
| TOTAL | 39,896 | 43,221 | 49,924 | 48,619 | 40,282 | 12,574.51 | 17,041.41 | 20,868.10 | 22,833.75 | 21,917.40 |

Source: Property Market Reports First Half 2009 - 2013, Jabatan Penilaian & Perkhidmatan Harta

Note: The Value of Transactions (RM million) for 1H 2009, 1H 2010, 1H 2011, 1H 2012 and 1H 2013 do not sum to total due to rounding.

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CHAPTER 7

DEMAND AND SUPPLY

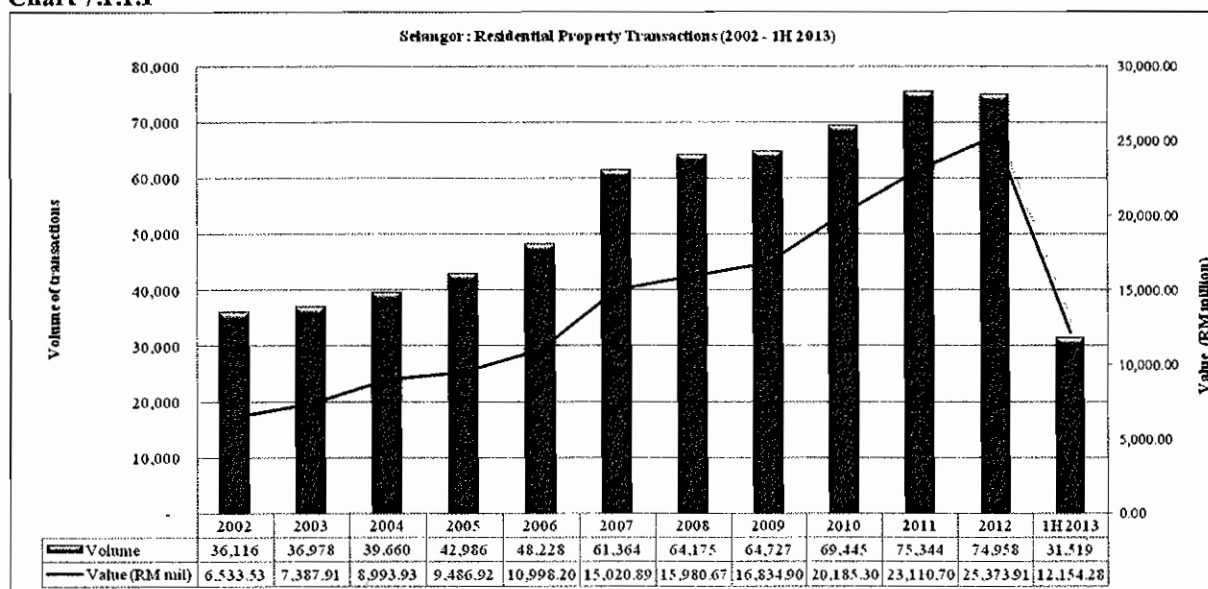
7.1 RESIDENTIAL PROPERTY MARKET IN SELANGOR

- The following sections of this Report analyse the demand for the Selangor residential property market, as reflected by the volume and value of its property transactions, as well as taking into consideration the current and future supply of the residential property stock in the state.

7.1.1 DEMAND FOR RESIDENTIAL PROPERTIES IN SELANGOR

- The sale of residential properties in Selangor has generally been on an uptrend over the years, as indicated by the high annual number of residential transactions. The following chart denotes the volume and value of transactions of residential properties in Selangor which generally showed consistent annual increases except in 2012, whereby the volume of transactions decreased by 0.51% from 2011. The value of transactions in 2012 however continued to increase to RM25,373.91 million (2011: RM23,110.70 million).
- However, the state recorded only 31,519 transactions valued at a total of RM12,154.28 million in 1H 2013. As compared to the preceding year, both volume and value of transactions of residential properties in Selangor dropped about 16.21% and 0.61% respectively (1H 2012: 37,616 transactions worth RM12,228.60 million).

Chart 7.1.1.1



Source: Property Market Reports 2003 – First Half 2013, Jabatan Penilaian & Perkhidmatan Harta

- The following is noted from Chart 7.1.1.1:-
 - The volume of residential property transactions in Selangor increased by 107.55% in 2012 since 2002. Consequently, the value of transacted properties, as shown by the red line in the chart, has also risen by 288.36% for the same 11-year period, translating to an average annual growth rate of 26.21% per annum.

7. INDEPENDENT MARKET RESEARCH REPORT (Cont'd)



- The following table depicts the volume of transaction by type and district in Selangor for 1H 2013.

Table 7.1.1.2

| Volume of Residential Property Transactions by Type and District in Selangor (1H 2013) | | | | | | | | | | |
|--|---------------|--------------|--------------|----------------|--------------|--------------|---------------|--------------|--------------|---------------|
| District Type | Petaling | Klang | Kuala Langat | Kuala Selangor | Sabak Bernam | Gombak | Hulu Selangor | Hulu Langat | Selangor | Total |
| VP | 542 | 249 | 106 | 72 | 46 | 683 | 268 | 1037 | 405 | 3,408 |
| T1 | 455 | 726 | 253 | 100 | 44 | 244 | 161 | 491 | 228 | 2,702 |
| T2-3 | 3,515 | 1,620 | 242 | 267 | 24 | 1,162 | 280 | 2,169 | 490 | 9,769 |
| SD1 | 18 | 52 | 38 | 16 | 6 | 8 | 46 | 23 | 100 | 307 |
| SD2-3 | 402 | 173 | 26 | 37 | 1 | 142 | 4 | 365 | 103 | 1,253 |
| D | 413 | 100 | 33 | 17 | 10 | 280 | 141 | 254 | 60 | 1,308 |
| C / Apt | 4,133 | 390 | 36 | 79 | 0 | 985 | 47 | 1,343 | 147 | 7,160 |
| Clus | 9 | 15 | 1 | 25 | 8 | 4 | 13 | 3 | 31 | 109 |
| Town | 138 | 26 | 0 | 73 | 0 | 115 | 0 | 177 | 22 | 551 |
| Flat | 914 | 103 | 0 | 0 | 0 | 189 | 14 | 724 | 111 | 2,055 |
| LC hse | 135 | 159 | 87 | 55 | 51 | 94 | 125 | 368 | 63 | 1,137 |
| LC flat | 764 | 96 | 5 | 1 | 0 | 161 | 99 | 593 | 26 | 1,745 |
| O | 0 | 2 | 0 | 0 | 0 | 5 | 1 | 3 | 4 | 15 |
| Total | 11,438 | 3,711 | 827 | 742 | 190 | 4,072 | 1,199 | 7,550 | 1,790 | 31,519 |

Source: Property Market Report First Half 2013, Jabatan Penilaian & Perkhidmatan Harta

Legend:

VP = Vacant plot

T1 = 1-storey terraced

T2-3 = 2-3 storey terraced

SD1 = 1-storey semi-detached

SD2-3 = 2-3 storey semi-detached

D = Detached

C / Apt = Condominium / apartment

Clus = Cluster house

Town = Town house

Flat = Flat

LC hse = Low-cost house

LC flat = Low-cost flat

O = Others

- The number of transactions that took place provides an indication of the demand for the various types of properties by districts in Selangor. Based on Table 7.1.1.2, we noted the following:-
 - The Petaling district was the most popular location, with 36.29% of total residential transactions, followed by Hulu Langat, Gombak and Klang districts at 23.95%, 12.92% and 11.77% of total residential transactions, respectively.
 - 2-3 storey terraced houses were the most transacted, representing 30.99% of total residential transactions in Selangor, followed by condominiums/apartments at 22.72%. Of all the 2-3 storey terraced houses transacted, 35.98%, 22.20% and 16.58% of the transactions were in the Petaling, Hulu Langat and Klang districts, respectively.
 - 57.72% of condominiums/apartments were transacted in the Petaling district, followed by 18.76% and 13.76% in the Hulu Langat and Gombak districts, respectively.
- In the Petaling district, the highest transacted properties were condominiums/apartments, followed by 2-3 storey terraced houses. Whereas, in the Klang district, 2-3 storey terraced houses were the most highly transacted, followed by 1-storey terraced houses.

7. INDEPENDENT MARKET RESEARCH REPORT (Cont'd)



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- The following table depicts the value of the residential properties transacted in 1H 2013 with breakdown by property type and district in Selangor.

Table 7.1.1.3

| Value of Residential Property Transactions by Type and District in Selangor (1H 2013) (Unit: RM mil) | | | | | | | | | | |
|--|-----------------|-----------------|---------------|----------------|--------------|-----------------|---------------|-----------------|---------------|------------------|
| District Type | Petaling | Klang | Kuala Langat | Kuala Selangor | Sabak Bernam | Gombak | Hulu Selangor | Hulu Langat | Selangor | Total |
| VP | 350.27 | 45.45 | 39.43 | 9.79 | 5.02 | 144.81 | 35.85 | 429.09 | 96.97 | 1,156.68 |
| T1 | 167.87 | 119.22 | 38.30 | 15.32 | 5.87 | 60.82 | 15.77 | 99.88 | 42.14 | 565.18 |
| T2-3 | 2,249.73 | 644.01 | 60.28 | 74.81 | 5.81 | 483.75 | 44.48 | 946.64 | 251.27 | 4,760.78 |
| SD1 | 12.87 | 15.16 | 10.60 | 3.57 | 1.56 | 2.39 | 6.31 | 7.35 | 30.37 | 90.19 |
| SD2-3 | 608.99 | 149.90 | 11.82 | 14.73 | 0.50 | 162.27 | 1.95 | 358.46 | 97.94 | 1,406.55 |
| D | 709.46 | 104.66 | 7.85 | 5.89 | 1.60 | 283.96 | 28.56 | 256.84 | 30.28 | 1,429.09 |
| C / Apt | 1,371.91 | 62.84 | 4.53 | 6.56 | 0.00 | 240.43 | 2.86 | 276.28 | 43.79 | 2,009.21 |
| Clus | 3.18 | 9.43 | 0.15 | 6.24 | 0.42 | 1.23 | 2.92 | 1.77 | 8.09 | 33.42 |
| Town | 70.38 | 9.77 | 0.00 | 18.01 | 0.00 | 28.21 | 0.00 | 45.56 | 9.87 | 181.80 |
| Flat | 123.79 | 9.61 | 0.00 | 0.00 | 0.00 | 18.56 | 0.67 | 88.25 | 10.22 | 251.10 |
| LC hse | 22.56 | 17.69 | 7.12 | 3.52 | 3.78 | 13.56 | 7.68 | 55.33 | 7.56 | 138.79 |
| LC flat | 63.89 | 5.70 | 0.27 | 0.05 | 0.00 | 11.02 | 2.40 | 40.47 | 1.66 | 125.46 |
| O | 0.00 | 0.55 | 0.00 | 0.00 | 0.00 | 3.17 | 0.16 | 0.97 | 1.15 | 6.00 |
| Total | 5,754.90 | 1,193.98 | 180.35 | 158.48 | 24.56 | 1,454.17 | 149.62 | 2,606.89 | 631.32 | 12,154.28 |

Source: Property Market Report First Half 2013, Jabatan Penilaian & Perkhidmatan Harta

Note: The Value of Residential Property Transactions for the districts of Klang, Kuala Selangor, Gombak, Hulu Selangor and Sepang and the Value of transactions for the 1-storey terraced, 1-storey semi-detached, 2-3-storey semi-detached, detached, condominium / apartment, cluster house and low-cost house do not sum to total due to rounding.

Legend:

VP = Vacant plot

T1 = 1-storey terraced

T2-3 = 2-3 storey terraced

SD1 = 1-storey semi-detached

SD2-3 = 2-3 storey semi-detached

D = Detached

C / Apt = Condominium / apartment

Clus = Cluster house

Town = Town house

Flat = Flat

LC hse = Low-cost house

LC flat = Low-cost flat

O = Others

- Based on Table 7.1.1.3, we noted the following:-

- Petaling district recorded the highest value of residential transactions at 47.35% of total value, followed by the Hulu Langat and Gombak districts at 21.45% and 11.96%, respectively.
- The average transacted price in Petaling district increased from RM295,446 per unit in 1H 2009 based on Property Market Report First Half 2009 to RM503,139 per unit in 1H 2013, which is about 30.48% higher than the State's average (RM385,618 per unit); indicating a strong demand for residential units in the Petaling district.
- 2-3 storey terraced houses is the most transacted residential property by value, representing 39.17% of total residential transactions in the State, followed by condominiums/apartments (16.53%) and detached houses (11.76%).

7. INDEPENDENT MARKET RESEARCH REPORT (Cont'd)



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- Sales performance of newly-launched residential schemes in Selangor in 1H 2013 was encouraging, with 51.86% of the 2,925 newly-launched units sold. While 81.40% of the completed residential units have already been sold, the take-up rate for properties which are still under construction is 65.89%. The statistics of these findings are detailed in the following table:-

Table 7.1.1.4

Sales Performance of Newly Launched and Other Residential Units in Selangor (1H 2013)

| Status | Newly-Launched | Completed | Under Construction | Not Constructed |
|-------------------|----------------|-----------|--------------------|-----------------|
| Units Launched | 2,925 | 13,327 | 26,620 | 1,754 |
| Units Sold | 1,517 | 10,848 | 17,540 | 323 |
| Sales Performance | 51.86% | 81.40% | 65.89% | 18.42% |

Source: Property Market Report First Half 2013, Jabatan Penilaian & Perkhidmatan Harta

7.1.2 SUPPLY OF RESIDENTIAL PROPERTIES IN SELANGOR

Existing Supply

Table 7.1.2.1

Existing Supply of Residential Units by Type and District in Selangor (2Q 2013¹)

| District Type | Petaling | Klang | Kuala Langat | Kuala Selangor | Sabak Bernam | Gombak | Hulu Selangor | Hulu Langat | Selangor | Total |
|---------------|----------|---------|--------------|----------------|--------------|---------|---------------|-------------|----------|-----------|
| T1 | 28,169 | 38,695 | 12,274 | 8,411 | 2,394 | 17,064 | 15,153 | 28,599 | 5,929 | 156,688 |
| T2-3 | 155,750 | 59,262 | 8,128 | 12,208 | 1,665 | 49,124 | 16,214 | 95,701 | 15,014 | 413,066 |
| SD1 | 1,306 | 1,135 | 311 | 428 | 314 | 207 | 2,611 | 1,005 | 2,864 | 10,181 |
| SD2-3 | 10,505 | 5,280 | 436 | 1,722 | 118 | 3,608 | 162 | 8,745 | 1,318 | 31,894 |
| D | 15,961 | 2,630 | 580 | 782 | 94 | 10,418 | 9,726 | 4,002 | 1,864 | 46,057 |
| Town | 3,429 | 310 | 0 | 633 | 0 | 4,291 | 0 | 6,193 | 1,610 | 16,466 |
| Clus | 2,611 | 408 | 68 | 825 | 664 | 240 | 132 | 817 | 1,520 | 7,285 |
| LC hse | 14,976 | 11,664 | 7,231 | 5,866 | 3,291 | 9,044 | 8,374 | 23,505 | 4,612 | 88,563 |
| LC flat | 71,784 | 17,429 | 1,880 | 339 | 0 | 26,337 | 19,167 | 55,980 | 2,725 | 195,641 |
| Flat | 45,814 | 12,439 | 1,536 | 1,588 | 48 | 15,935 | 11,380 | 58,209 | 6,349 | 153,298 |
| Svc apt | 13,185 | 0 | 0 | 798 | 0 | 2,893 | 0 | 1,162 | 512 | 18,550 |
| C / Apt | 115,967 | 13,873 | 722 | 4,700 | 0 | 32,899 | 1,297 | 27,972 | 7,725 | 205,155 |
| SoHo | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total | 479,457 | 163,125 | 33,166 | 38,300 | 8,588 | 172,060 | 84,216 | 311,890 | 52,042 | 1,342,844 |

Source: Property Stock Report 2Q 2013, Jabatan Penilaian & Perkhidmatan Harta

Legend:

T1 = 1-storey terraced
 T2-3 = 2-3 storey terraced
 Clus = Cluster house
 LC hse = Low-cost house

SD1 = 1-storey semi-detached
 SD2-3 = 2-3 storey semi-detached
 LC flat = Low-cost flat
 Flat = Flat

D = Detached
 Town = Town house
 Svc apt = Service apartment
 C / Apt = Condominium / apartment
 SoHo = Small office/Home office

7. INDEPENDENT MARKET RESEARCH REPORT (Cont'd)



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- As at end of June 2013, there were a total of 1,342,844 units of residential properties in Selangor (2Q 2012: 1,313,901 units) which is an increase of 2.20% in the supply of residential units in the state since June 2012.
 - The supply of residential properties in Selangor comprises mainly 2-3 storey terraced houses, representing 30.76% of total residential properties in the State. Condominiums/apartments and low-cost flats represent 15.28% and 14.57% respectively of the total residential properties in the State.
 - In the Petaling district, the main residential properties were 2-3 storey terraced houses and condominiums/apartments. In the Klang district, 2-3 storey terraced houses and 1-storey terraced houses were the main residential properties.

Future Supply**Table 7.1.2.2**

| Future Supply of Residential Units by Type and District in Selangor (2Q 2013 ^b) | | | | | | | | | | |
|---|----------|--------|--------------|----------------|--------------|--------|---------------|-------------|----------|---------|
| District Type | Petaling | Klang | Kuala Langat | Kuala Selangor | Sabak Bernam | Gombak | Hulu Selangor | Hulu Langat | Selangor | Total |
| T1 | 87 | 8,544 | 4,813 | 1,329 | 283 | 107 | 1,300 | 783 | 1,970 | 19,216 |
| T2-3 | 8,860 | 14,175 | 3,809 | 5,367 | 163 | 5,733 | 1,612 | 10,838 | 6,950 | 57,507 |
| SD1 | 12 | 1,131 | 1,247 | 170 | 204 | 971 | 908 | 170 | 704 | 5,517 |
| SD2-3 | 2,668 | 3,440 | 1,123 | 666 | 48 | 2,058 | 80 | 3,137 | 2,508 | 15,728 |
| D | 2,069 | 931 | 1,067 | 1,574 | 15 | 3,377 | 1,787 | 1,712 | 1,634 | 14,166 |
| Town | 1,095 | 1,845 | 536 | 52 | 28 | 862 | 0 | 1,578 | 616 | 6,612 |
| Clus | 832 | 1,128 | 632 | 376 | 24 | 371 | 472 | 180 | 198 | 4,213 |
| LC hse | 0 | 630 | 15 | 195 | 42 | 0 | 278 | 66 | 330 | 1,556 |
| LC flat | 8,137 | 4,003 | 1,272 | 2,924 | 0 | 5,415 | 2,389 | 5,784 | 2,726 | 32,650 |
| Flat | 2,623 | 2,114 | 0 | 450 | 280 | 3,742 | 480 | 4,119 | 4,801 | 18,609 |
| Svc apt | 15,642 | 357 | 1,972 | 0 | 0 | 2,519 | 0 | 2,800 | 2,348 | 25,638 |
| C / Apt | 21,672 | 4,461 | 406 | 0 | 0 | 17,586 | 80 | 11,044 | 3,706 | 58,955 |
| SoHo | 320 | 0 | 0 | 0 | 0 | 189 | 0 | 151 | 0 | 660 |
| Total | 64,017 | 42,759 | 16,892 | 13,103 | 1,087 | 42,930 | 9,386 | 42,362 | 28,491 | 261,027 |

Source: Property Stock Report 2Q 2013, Jabatan Penilaian & Perkhidmatan Harta

- As at end of June 2013, it was expected that the number of new residential properties in Selangor will increase to more than 260,000 in the next two to three years.
 - The Petaling district will see the highest number of future residential supply (24.53%), followed by the Gombak district (16.45%) and Klang district (16.38%) respectively.
 - Condominiums/apartments were the most highly supplied (22.59%), followed by 2-3 storey terraced houses (22.03%).
- With the high take-up rate for residential properties in Selangor (as depicted in Table 7.1.1.4), it is not expected that there will be an oversupply of these properties in the State in the near future.

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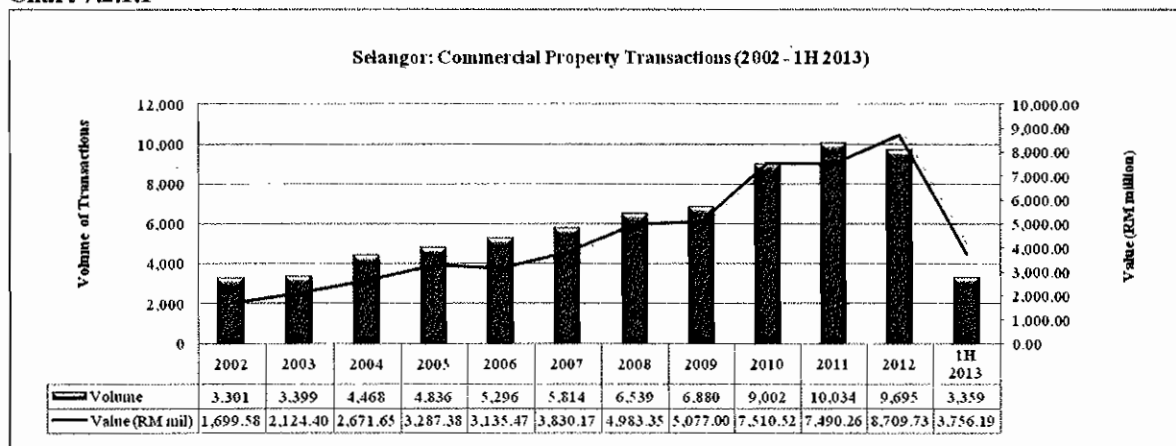
7.2 COMMERCIAL PROPERTY MARKET IN SELANGOR

- Selangor's commercial property market is resilient and has charted continuous growth over the years. The following sections of this Report analyse the demand for the Selangor commercial property market, reflected by the volume and value of its transactions, as well as examine the existing and future supply of the commercial property stock in the state.

7.2.1 DEMAND FOR COMMERCIAL PROPERTIES IN SELANGOR

- Transactions of commercial properties have generally been on an uptrend since 2002 to 2011, as indicated by the high annual volume of commercial transactions. However, in 2012, the data showed that the volume of commercial transactions have declined by 3.38% from 2011 whilst the value of transactions increased to RM8,709.73 million from RM7,490.26 million in 2011.
- In 1H 2013, a total of 3,359 commercial transactions worth RM3,756.19 million were recorded. Both volume and value of commercial property have decreased by 34.00% and 16.85% respectively on year-on-year basis (1H 2012: Volume: 5089 transactions; Value: RM4,517.61 million).

Chart 7.2.1.1



Source: Property Market Reports 2003 – First Half 2013, Jabatan Penilaian & Perkhidmatan Harta

- From Chart 7.2.1.1, we noted the following:-
 - The volume of commercial property transactions in Selangor has decreased by 3.38% in 2012 from 2011, compared to an increase of 11.46% in the corresponding period of 2010 to 2011. Consequently, the value of transacted properties has risen by 412.46% for the same 11-year period, translating to an average annual growth rate of 37.50% per annum.

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- Table 7.2.1.2 depicts the various types of commercial properties that were transacted in 1H 2013 within the respective districts in the state of Selangor.

Table 7.2.1.2

| Volume of Commercial Property Transactions by Type and District in Selangor (1H 2013) | | | | | | | | | | |
|---|--------------|------------|--------------|----------------|--------------|------------|---------------|-------------|------------|--------------|
| District Type | Petaling | Klang | Kuala Langat | Kuala Selangor | Sabak Bernam | Gombak | Hulu Selangor | Hulu Langat | Sepang | Total |
| VP | 71 | 34 | 69 | 11 | 32 | 30 | 37 | 68 | 30 | 382 |
| PW | 0 | 2 | 0 | 0 | 0 | 0 | 0 | 3 | 0 | 5 |
| SO1-1.5 | 48 | 23 | 15 | 5 | 0 | 3 | 6 | 27 | 12 | 139 |
| SO2-2.5 | 169 | 167 | 43 | 49 | 11 | 81 | 30 | 145 | 19 | 714 |
| SO3-3.5 | 233 | 84 | 27 | 8 | 13 | 39 | 9 | 139 | 16 | 568 |
| SO4-4.5 | 63 | 46 | 2 | 0 | 0 | 31 | 0 | 26 | 0 | 168 |
| SO5-5.5 | 7 | 3 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 10 |
| SO6-6.5 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Sh Lot | 288 | 101 | 0 | 0 | 0 | 88 | 7 | 161 | 30 | 675 |
| Off Lot | 476 | 68 | 0 | 1 | 1 | 30 | 7 | 76 | 9 | 668 |
| Sh Comp | 0 | 0 | 0 | 1 | 0 | 0 | 0 | 1 | 0 | 2 |
| PB Off | 0 | 1 | 0 | 0 | 0 | 1 | 0 | 0 | 0 | 2 |
| H / Svc | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1 |
| Lei | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1 | 1 |
| O | 15 | 3 | 0 | 1 | 1 | 0 | 2 | 2 | 0 | 24 |
| Total | 1,371 | 532 | 156 | 76 | 58 | 303 | 98 | 648 | 117 | 3,359 |

Source: Property Market Report First Half 2013, Jabatan Penilaian & Perkhidmatan Harta

Legend:

VP = Vacant plot

PW = Pre-war shop

SO1-1.5 = 1 – 1½-storey shop

SO2-2.5 = 2 – 2½-storey shop

SO3-3.5 = 3 – 3½-storey shop

SO4-4.5 = 4 – 4½-storey shop

SO5-5.5 = 5 – 5½-storey shop

SO6-6.5 = 6 – 6½-storey shop

Sh Lot = Shop unit / retail lot

Off Lot = Office lot

Sh Comp = Shopping complex

PB Off = Purpose-built office

H / Svc = Hotel / service apartment

Lei = Leisure

O = Others

- In terms of demand for commercial properties in Selangor, the following are noted from Table 7.2.1.2:-
 - The Petaling district has the highest demand, with 40.82% of total commercial transactions, followed by the Hulu Langat and Klang districts at 19.29% and 15.84%, respectively.
 - The 2 – 2½-storey shops were the most highly transacted, constituting 21.26% of total commercial transactions in the state, followed by shop unit / retail lot at 20.10%.
 - Between these 2 – 2½ and 3 – 3½ storey shops, it was noted that 3 – 3½ storey shops were more favoured over the former type in the district of Petaling.
 - Of the total number of 2 – 2½ storey shops transacted, 23.67% were in the Petaling district, with 23.39% in the Klang district and 20.31% in the Hulu Langat district.
 - 42.67% of shop units / retail lots were transacted in the Petaling district, compared to 23.85% in the Hulu Langat district and 14.96% in the Klang district.

7. INDEPENDENT MARKET RESEARCH REPORT (Cont'd)



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- In the Petaling district, the most highly transacted properties were office lots, followed by shop units / retail lots and 3 – 3½ storey shops. In the Klang district, 2 – 2½ storey shops were the most highly transacted commercial property, followed by the shop units / retail lots and 3 – 3½ storey shops.
- The following table depicts the value of the commercial properties that were transacted in 1H 2013 within the respective districts in Selangor.

Table 7.2.1.3

| Value of Commercial Property Transactions by Type and District of Selangor (1H 2013) (RM mil) | | | | | | | | | | |
|---|----------------|---------------|--------------|----------------|--------------|---------------|---------------|---------------|---------------|----------------|
| District Type | Petaling | Klang | Kuala Langat | Kuala Selangor | Sabak Bernam | Gombak | Hulu Selangor | Hulu Langat | Selangor | Total |
| VP | 493.44 | 60.61 | 27.93 | 4.42 | 4.42 | 126.27 | 9.82 | 76.25 | 107.63 | 910.80 |
| PW | 0.00 | 0.71 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 1.81 | 0.00 | 2.51 |
| SO1-1.5 | 30.35 | 5.94 | 2.30 | 0.86 | 0.00 | 0.78 | 0.52 | 10.84 | 2.83 | 54.42 |
| SO2-2.5 | 188.50 | 141.71 | 22.66 | 21.97 | 4.07 | 39.92 | 13.86 | 108.26 | 6.79 | 547.73 |
| SO3-3.5 | 410.48 | 105.72 | 22.72 | 4.77 | 8.29 | 52.13 | 6.69 | 165.85 | 23.77 | 800.42 |
| SO4-4.5 | 176.46 | 43.77 | 3.67 | 0.00 | 0.00 | 36.47 | 0.00 | 46.11 | 0.00 | 306.48 |
| SO5-5.5 | 22.70 | 10.55 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 33.25 |
| SO6-6.5 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Sh Lot | 177.17 | 38.05 | 0.00 | 0.00 | 0.00 | 39.39 | 1.57 | 69.31 | 12.29 | 337.77 |
| Off Lot | 319.24 | 16.35 | 0.00 | 0.19 | 0.15 | 6.10 | 0.58 | 19.22 | 1.88 | 363.71 |
| Sh Comp | 0.00 | 0.00 | 0.00 | 2.22 | 0.00 | 0.00 | 0.00 | 39.50 | 0.00 | 41.72 |
| PB Off | 0.00 | 9.30 | 0.00 | 0.00 | 0.00 | 5.78 | 0.00 | 0.00 | 0.00 | 15.08 |
| H / Svc | 0.43 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.43 |
| Lei | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.50 | 0.50 |
| O | 40.64 | 6.15 | 0.00 | 3.09 | 0.03 | 0.00 | 10.10 | 281.38 | 0.00 | 341.38 |
| Total | 1859.40 | 438.85 | 79.27 | 37.52 | 16.97 | 306.83 | 43.15 | 818.51 | 155.69 | 3756.19 |

Source: Property Market Report First Half 2013, Jabatan Penilaian & Perkhidmatan Harta

Note: The Value of Commercial Property Transactions for the districts of Petaling, Klang, Kuala Langat, Sabak Bernam, Gombak, Hulu Selangor and Hulu Langat and the Value of transactions for the vacant plot, pre-war shop, 2-2½ -storey shop, shop lot and others do not sum to total due to rounding.

Legend:

VP = Vacant plot

PW = Pre-war shop

SO1-1.5 = 1 – 1½-storey shop

SO2-2.5 = 2 – 2½-storey shop

SO3-3.5 = 3 – 3½-storey shop

SO4-4.5 = 4 – 4½-storey shop

SO5-5.5 = 5 – 5½-storey shop

SO6-6.5 = 6 – 6½-storey shop

Sh Lot = Shop unit / retail lot

Off Lot = Office lot

Sh Comp = Shopping complex

PB Off = Purpose-built office

H / Svc = Hotel / service apartment

Lei = Leisure

O = Others

- Based on Table 7.2.1.3, we noted the following:-

- The highest value of transactions was recorded in the Petaling district, with its value constituting 49.50% of the total value of commercial properties transacted in Selangor. This was followed by the Hulu Langat and Klang districts at 21.79% and 11.68%, respectively. The average transacted price for commercial properties in the Petaling district was RM1,356,236 per unit in 1H 2013 whilst in the Klang district the average was RM824,906 per unit.
- Vacant plots make up 24.25% of the total value of commercial transactions in the state, followed by 3 – 3½ storey shops at 21.31% and 2 – 2½ storey shops at 14.58%.

7. INDEPENDENT MARKET RESEARCH REPORT (Cont'd)



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Table 7.2.1.4

Sales Performance of Shop Units in Selangor (1H 2013)

| Status | Completed | Under Construction | Not Constructed |
|-------------------|-----------|--------------------|-----------------|
| Units Launched | 1,679 | 2,300 | 1,066 |
| Units Sold | 1,351 | 1,707 | 869 |
| Sales Performance | 80.46% | 74.22% | 81.52% |

Source: Property Market Report First Half 2013, Jabatan Penilaian & Perkhidmatan Harta

- Statistics revealed that demand for shops in Selangor is good in general, as evident from Table 7.2.1.4. About 74.22% and 81.52% of the under construction and not constructed shops were sold respectively in 1H 2013 whilst only 19.54% of completed shop units in the state remained unsold.

7.2.2 SUPPLY OF COMMERCIAL SHOP UNITS IN SELANGOR

Existing Supply

Table 7.2.2.1

Existing Supply of Commercial Shop Units by Type and District in Selangor (2Q 2013)

| District Type | Petaling | Klang | Kuala Langat | Kuala Selangor | Sabak Bernam | Gombak | Hulu Selangor | Hulu Langat | Selangor | Total |
|---------------|----------|--------|--------------|----------------|--------------|--------|---------------|-------------|----------|--------|
| PW | 35 | 266 | 0 | 50 | 0 | 153 | 264 | 269 | 142 | 1,179 |
| SO1-1.5 | 2,426 | 991 | 764 | 518 | 72 | 257 | 398 | 852 | 507 | 6,785 |
| SO2-2.5 | 7,055 | 4,302 | 1,725 | 2,323 | 814 | 2,103 | 1,503 | 4,957 | 1,508 | 26,290 |
| SO3-3.5 | 9,423 | 3,004 | 321 | 365 | 59 | 2,437 | 31 | 5,930 | 656 | 22,226 |
| SO4-4.5 | 4,212 | 3,761 | 8 | 2 | 0 | 1,282 | 144 | 2,845 | 196 | 12,450 |
| SO5-5.5 | 467 | 44 | 0 | 0 | 0 | 20 | 0 | 127 | 14 | 672 |
| SO6-6.5 | 165 | 8 | 0 | 0 | 0 | 4 | 0 | 124 | 0 | 301 |
| SO >6.5 | 385 | 0 | 0 | 0 | 0 | 2 | 0 | 1 | 0 | 388 |
| Lock-up | 5,921 | 570 | 14 | 13 | 0 | 1,791 | 0 | 2,288 | 114 | 10,711 |
| D | 32 | 1 | 0 | 4 | 0 | 10 | 1 | 0 | 1 | 49 |
| SD | 34 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 34 |
| SoHo | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 72 | 0 | 72 |
| Cluster | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Strata | 46 | 0 | 0 | 0 | 0 | 0 | 0 | 154 | 256 | 456 |
| Total | 30,201 | 12,947 | 2,832 | 3,275 | 945 | 8,059 | 2,341 | 17,619 | 3,394 | 81,613 |

Source: Property Stock Report 2Q 2013, Jabatan Penilaian & Perkhidmatan Harta

Legend:

PW = Pre-war shop

SO1-1.5 = 1 – 1½-storey shop

SO2-2.5 = 2 – 2½-storey shop

SO4-4.5 = 4 – 4½-storey shop

SO5-5.5 = 5 – 5½-storey shop

SO6-6.5 = 6 – 6½-storey shop

SO >6.5 = Above 6½-storey shop

Lock-up = Lock-up shop

D = Detach shop

SD = Semi-detach shop

SoHo = SoHo

Cluster = Cluster

Strata = Strata

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- As at end of June 2013, there were a total of 81,613 commercial shop units in Selangor (June 2012: 79,316 units) which reflected an increase of 2.90% in the supply of shop units in the state since June 2012.
 - The supply of shop units in Selangor comprised mainly 2 – 2½ storey shops, which constituted 32.21% of total shop units in the state. This was followed by 3 – 3½ storey shops (27.23%) and 4 – 4½ storey shops (15.25%).
 - In the Petaling district, the largest supply of shop units were 3 – 3½ storey shops, followed by 2 – 2½ storey shops, lock-up shops and 4 – 4½ storey shops.
 - The Klang district has a similar composition of shop units as the Petaling district with the largest supply being 2 – 2½ storey shops, followed by 4 – 4½ storey shops and 3 – 3½ storey shops.

Future Supply

Table 7.2.2.2

Future Supply of Commercial Shop Units by Type and District in Selangor (2Q 2013)

| District Type | Petaling | Klang | Kuala Langat | Kuala Selangor | Sabak Bernam | Gombak | Hulu Selangor | Hulu Langat | Selangor | Total |
|---------------|--------------|--------------|--------------|----------------|--------------|--------------|---------------|--------------|--------------|---------------|
| PW | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| SO1-1.5 | 95 | 231 | 144 | 54 | 4 | 0 | 106 | 28 | 55 | 717 |
| SO2-2.5 | 1,210 | 2,150 | 623 | 1,052 | 76 | 385 | 307 | 392 | 376 | 6,571 |
| SO3-3.5 | 2,086 | 1,529 | 140 | 435 | 125 | 96 | 105 | 401 | 582 | 5,499 |
| SO4-4.5 | 815 | 201 | 75 | 4 | 3 | 193 | 22 | 350 | 105 | 1,768 |
| SO5-5.5 | 325 | 10 | 0 | 0 | 0 | 36 | 0 | 20 | 0 | 391 |
| SO6-6.5 | 80 | 0 | 0 | 0 | 0 | 0 | 0 | 30 | 0 | 110 |
| SO >6.5 | 170 | 36 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 206 |
| Lock-up | 858 | 403 | 15 | 0 | 0 | 300 | 28 | 123 | 4 | 1,731 |
| D | 8 | 2 | 0 | 1 | 0 | 24 | 0 | 0 | 0 | 35 |
| SD | 107 | 20 | 0 | 0 | 0 | 0 | 0 | 0 | 28 | 155 |
| SoHo | 576 | 0 | 0 | 0 | 0 | 392 | 0 | 0 | 2,237 | 3,205 |
| Cluster | 322 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 322 |
| Strata | 1,745 | 160 | 32 | 0 | 9 | 168 | 0 | 108 | 530 | 2,752 |
| Total | 8,397 | 4,742 | 1,029 | 1,546 | 217 | 1,594 | 568 | 1,452 | 3,917 | 23,462 |

Source: Property Stock Report 2Q 2013, Jabatan Penilaian & Perkhidmatan Harta

Legend:

PW = Pre-war shop

SO1-1.5 = 1 – 1½-storey shop

SO2-2.5 = 2 – 2½-storey shop

SO4-4.5 = 4 – 4½-storey shop

SO5-5.5 = 5 – 5½-storey shop

SO6-6.5 = 6 – 6½-storey shop

SO >6.5 = Above 6½-storey shop

Lock-up = Lock-up shop

D = Detach shop

SD = Semi-detach shop

SoHo = SoHo

Cluster = Cluster

Strata = Strata

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- As at end of June 2013, it was expected that Selangor will have 23,462 new commercial shop units by 2015, an increase of 28.75 % to the existing supply of 81,613 units.
- As shown in Table 7.2.2.2, 2 – 2½ storey shops in Selangor are expected to be the most highly supplied (28.01%), followed by 3 – 3½ storey shops (23.44%) and SoHo (13.66%). The Petaling district is expected to have the highest number of future supply in shop units (35.79%), followed by the Klang district (20.21%). However, based on statistics for shop take-up rates in Selangor (as per Table 7.2.1.4), it is expected that there will be a high demand for shops in the state, particularly for units in prime locations.

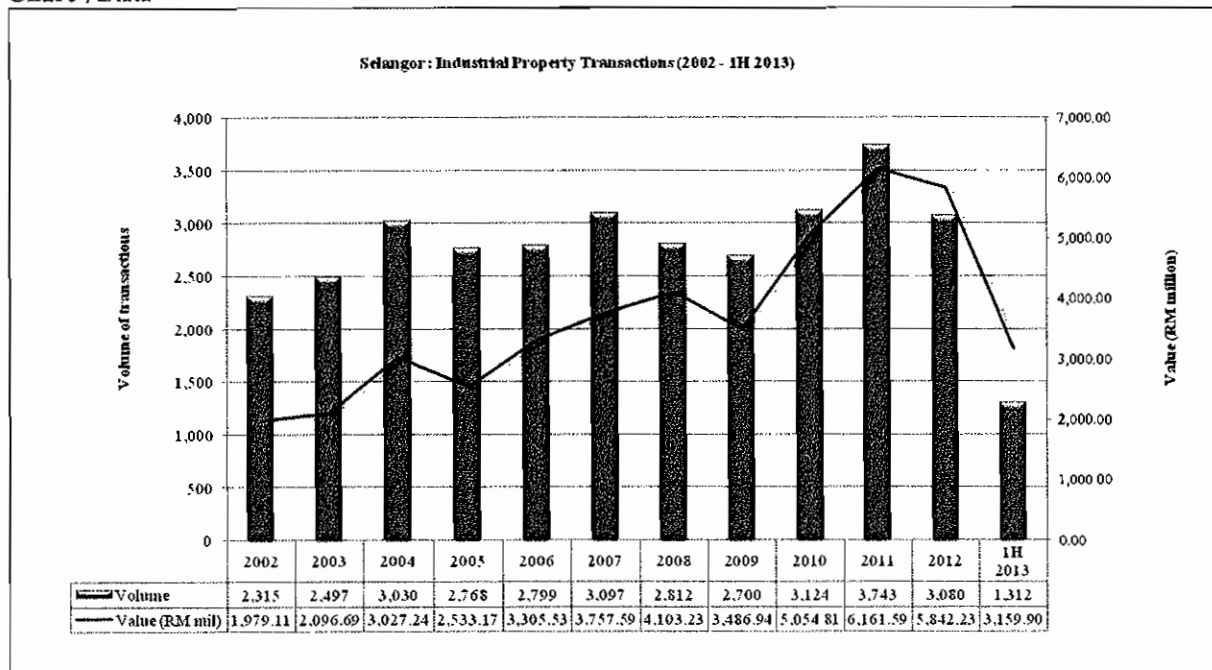
7.3 INDUSTRIAL PROPERTY MARKET IN SELANGOR

- The following sections of this Report shows an analysis on the demand for the Selangor's industrial property market in terms of volume and value of its transactions, as well as examine the existing and future supply of the industrial property stock in the state.

7.3.1 DEMAND FOR INDUSTRIAL PROPERTIES IN SELANGOR

- The following chart shows the volume and value of transactions of industrial properties in Selangor with an overall growth trend from 2002 to 2012, albeit displaying greater volatility compared to the residential and commercial sectors.

Chart 7.3.1.1



Source: Property Market Reports 2003 – First Half 2013, Jabatan Penilaian & Perkhidmatan Harta

- Chart 7.3.1.1 shows that the number of industrial property transactions in the state peaked thrice in 2004, 2007 and 2011, over the 11-year period, with the highest value of transactions in 2011.

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- The state of Selangor's industrial property market experienced a slowdown in the number of transactions from 2007 to 2009. It is noted, however, that the value of transactions increased in 2008, despite a drop in the number of transactions – reflecting an increase in industrial property prices during this period. However, in 2009, both volume and value of transactions dropped, likely due to the impact of the global financial crisis which greatly affected the manufacturing sector. The sector quickly rebounded since 2009 onwards with 15.70% increase in volume of transaction in 2010 and 19.81% by end of 2011. As for the increase of value of transaction, it was 44.96% in 2010 and 21.90% in 2011.
- In 2012, both volume and value of industrial property transactions decreased from 2011. The volume of transactions dropped in number from 3,743 units in 2011 to 3,080 units in 2012 (17.71%) and the value of transactions decreased by 5.18% from RM6,161.59 million in 2011 to RM5,842.23 million in 2012. Despite a drop in both volume and value of transactions, the average transacted price increased marginally by 15.15% from RM1.65 million in 2011 to RM1.90 million in 2012.
- However, in 1H 2013, the volume of transactions dropped in numbers from 1,414 units in 1H 2012 to 1,312 units in 1H 2013 (-7.21%) whilst the value of transactions increased by 21.57% from RM2,599.26 million to RM3,159.90 million in 1H 2013. The average transacted prices of industrial property was recorded at RM2,408,460 per unit in 1H 2013.
- The average transacted price in Selangor declined by 11.64% from RM1.46 million in 2008 to RM1.29 million in 2009. The Petaling and Klang districts recorded the highest average transacted price for industrial properties in Selangor at RM2.38 million (Volume: 1,096 units; Value: RM2,611.87 million) and RM1.68 million (Volume: 907 units ; Value: RM1,527.99 million) respectively. Although the global financial crisis had affected the average transacted prices in both the Petaling and Klang districts, both the locations' average transacted prices had surpassed the RM1.5-million mark.
- During the 11-year period (2002 to 2012), it is noted that both volume and value of the transactions in Selangor peaked in 2011. The volume of transactions in Selangor during the 11-year period, averaged at about 2,906 units per year. However, the value of transacted properties, as shown in Chart 7.3.1.1 has risen by 195.19% in 2012 compared to 2002, reflecting an average annual growth rate of 17.74% per annum.
- Table 7.3.1.2 depicts the demand for various types of industrial properties that have been transacted in 1H 2013 within the respective districts in Selangor.

Table 7.3.1.2

| Volume of Industrial Property Transactions by Type and District in Selangor (1H 2013) | | | | | | | | | | |
|---|------------|------------|--------------|----------------|--------------|------------|---------------|-------------|-----------|--------------|
| District Type | Petaling | Klang | Kuala Langat | Kuala Selangor | Sabak Bernam | Gombak | Hulu Selangor | Hulu Langat | Selangor | Total |
| VP | 19 | 185 | 13 | 6 | 3 | 28 | 16 | 38 | 14 | 322 |
| T | 164 | 177 | 1 | 2 | 3 | 104 | 68 | 117 | 11 | 647 |
| SD | 67 | 36 | 1 | 2 | 0 | 9 | 7 | 50 | 19 | 191 |
| D | 20 | 39 | 5 | 2 | 0 | 14 | 7 | 39 | 2 | 128 |
| IC | 4 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 4 |
| O | 8 | 1 | 2 | 0 | 1 | 0 | 1 | 5 | 2 | 20 |
| Total | 282 | 438 | 22 | 12 | 7 | 155 | 99 | 249 | 48 | 1,312 |

Source: Property Market Report First Half 2013, Jabatan Penilaian & Perkhidmatan Harta

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Legend:

VP = Vacant plot

T = Terraced factory / warehouse

SD = Semi-detached factory / warehouse

D = Detached factory / warehouse

IC = Industrial complex / unit

O = Others

▪ Based on Table 7.3.1.2, we noted the following:-

- The Klang district had the highest number of industrial property transacted, constituting 33.38% of total industrial transactions, followed by the Petaling and Hulu Langat districts at 21.49% and 18.98% of total industrial transactions, respectively.
- In Klang district, the vacant plots were the most frequently transacted, constituting 42.24% of total industrial transactions in the state, followed by terraced factories/warehouses at 40.41%. However, in Petaling district, the most frequently transacted type was terraced factories/warehouses (58.16%), followed by semi-detached factories/warehouses (23.76%).
- Of the total number of terraced factories/warehouses transacted, 27.36% were in the Klang district, 25.35% in the Petaling district and 18.08% in the Hulu Langat district.
- In the Klang district, the highest number of industrial properties transacted were vacant plots, followed by terraced factories/warehouses, detached factories/warehouses, semi-detached factories/warehouses and others. In the Petaling district, terraced factories/warehouses were also the most highly transacted, followed by semi-detached, detached factories/warehouses, vacant industrial plots, others and industrial complexes/units.

Table 7.3.1.3

| Value of Industrial Property Transactions by Type and District in Selangor (1H 2013) (Unit: RM mil) | | | | | | | | | | |
|---|----------------|---------------|--------------|----------------|--------------|---------------|---------------|---------------|---------------|----------------|
| District Type | Petaling | Klang | Kuala Langat | Kuala Selangor | Sabak Bernam | Gombak | Hulu Selangor | Hulu Langat | Sepang | Total |
| VP | 68.74 | 352.56 | 29.28 | 16.20 | 0.30 | 17.53 | 33.03 | 206.69 | 52.72 | 777.06 |
| T | 139.59 | 59.10 | 0.32 | 0.59 | 1.26 | 80.03 | 7.95 | 102.95 | 7.36 | 399.15 |
| SD | 277.09 | 88.26 | 2.45 | 5.36 | 0.00 | 14.30 | 10.16 | 144.01 | 47.54 | 589.17 |
| D | 257.25 | 338.86 | 31.12 | 15.72 | 0.00 | 97.29 | 54.55 | 235.59 | 15.00 | 1045.38 |
| IC | 0.94 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.94 |
| O | 331.08 | 4.97 | 0.14 | 0.00 | 0.03 | 0.00 | 0.04 | 1.80 | 10.15 | 348.22 |
| Total | 1074.68 | 843.76 | 63.31 | 37.86 | 1.59 | 209.15 | 105.74 | 691.05 | 132.77 | 3159.90 |

Source: Property Market Report First Half 2013, Jabatan Penilaian & Perkhidmatan Harta

Note: The Value of Industrial Property Transactions for the districts of Petaling, Klang, Kuala Selangor, Hulu Selangor and Hulu Langat, and the Value of transactions for the vacant plot and others do not sum to total due to rounding.

Legend:

VP = Vacant plot

T = Terraced factory / warehouse

SD = Semi-detached factory / warehouse

D = Detached factory / warehouse

IC = Industrial complex / unit

O = Others

▪ Table 7.3.1.3 depicts the value of the industrial properties that have been transacted in the 1H 2013 within the respective districts in Selangor and we noted the following:-

- The highest value of transactions occurred in the Petaling district, representing 34.01% of the total value of industrial properties transacted in Selangor. This was followed by the Klang and Hulu Langat districts at 26.70% and 21.87%, respectively.

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- Transaction of detached factory / warehouse represented 33.08% of the total value of industrial transactions in the state, followed by vacant plots representing 24.59% and semi-detached factory/warehouses at 18.65%.
- The following table shows the sales performance of industrial units in Selangor, with the chart showing the breakdown of the unsold completed units:-

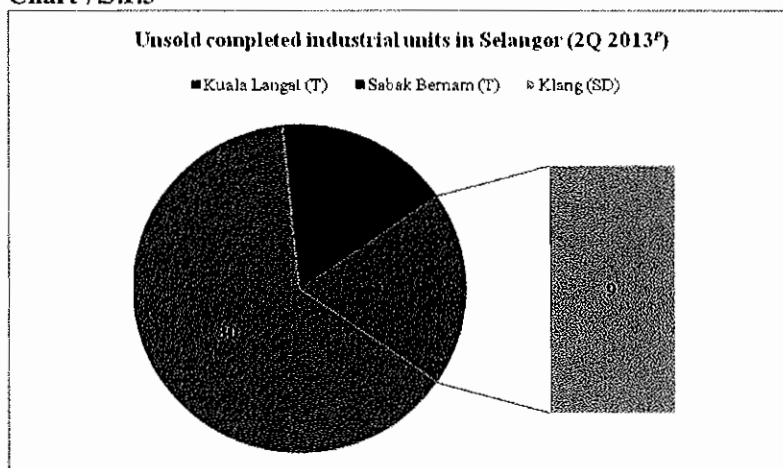
Table 7.3.1.4

Sales Performance of Industrial Units in Selangor (1H 2013)

| Status | Completed | Under Construction | Not Constructed |
|-------------------|-----------|--------------------|-----------------|
| Units Launched | 469 | 97 | 16 |
| Units Sold | 422 | 66 | 2 |
| Sales Performance | 89.98% | 68.04% | 12.50% |

Source: Property Market Report First Half 2013, Jabatan Penilaian & Perkhidmatan Harta

Chart 7.3.1.5



Source: Property Market Status Report, Property Overhang 2Q 2013, Jabatan Penilaian & Perkhidmatan Harta

- Based on Table 7.3.1.4, we noted the following:-
 - Out of the 469 completed industrial units that were launched in 1H 2013, 422 units or 89.98% were sold. From the overhang of 47 units, the majority was made up of terraced factories at 38 units with a balance of 9 units being semi-detached factories. From this total of 47 units (based on Chart 7.3.1.5), 63.83% (30 units) were in the Kuala Langat district, 19.15% (9 units) in Klang district, 17.02% (8 units) in the Sabak Bernam district.
 - Industrial units under construction recorded a take-up rate of 68.04% which reflected that there is moderate demand for industrial properties in Selangor, in which demand levels are affected by access to good infrastructure and transportation linkages.

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- The overhang of completed industrial units in the Klang district in 2Q 2013 comprises 9 units of semi-detached factories which are lesser compared to 1Q 2013 (Terraced: 10 units; semi-detached factories: 20 units). On year-on-year basis, the total overhang volume in Klang districts which represents about 19.15% of the unsold units within the Selangor state (2Q 2012: 21.35% of the unsold units) showed a better sign and it is not perceived as a direct threat to the Group's current launches of industrial parks in Klang such as Zone Innovation Park and Seri Alam Industrial Park as well as the subsequent phases of industrial park in Kapar. The latter is to be developed on a site located off Jalan Kapar with good accessibility and connectivity to major highways like the North Klang Straits Bypass Expressway, the New Klang Valley Expressway and the Federal Highway.

7.3.2 SUPPLY OF INDUSTRIAL PROPERTIES IN SELANGOR

Existing Supply

Table 7.3.2.1

| Existing Supply of Industrial Properties by Type and District in Selangor (2Q 2013) | | | | | | | | | | |
|---|---------------|--------------|--------------|----------------|--------------|--------------|---------------|--------------|------------|---------------|
| District Type | Petaling | Klang | Kuala Langat | Kuala Selangor | Sabak Bernam | Gombak | Hulu Selangor | Hulu Langat | Selangor | Total |
| T | 10,862 | 4,553 | 170 | 109 | 21 | 2,744 | 3,528 | 3,881 | 556 | 26,424 |
| SD | 1,603 | 972 | 0 | 18 | 0 | 119 | 117 | 824 | 303 | 3,956 |
| D | 1,658 | 960 | 87 | 39 | 0 | 708 | 76 | 742 | 25 | 4,295 |
| FF | 263 | 9 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 272 |
| IC | 14 | 53 | 39 | 0 | 0 | 8 | 0 | 0 | 0 | 114 |
| Total | 14,400 | 6,547 | 296 | 166 | 21 | 3,579 | 3,721 | 5,447 | 884 | 35,061 |

Source: Property Stock Report 2Q 2013, Jabatan Penilaian & Perkhidmatan Harta

Legend:

T = Terraced factory / warehouse
 SD = Semi-detached factory / warehouse
 D = Detached factory / warehouse

FF = Flatted factory
 IC = Industrial complex / unit

- As at end of June 2013, there were a total of 35,061 units of industrial properties in Selangor (June 2012: 34,557 units) which was a marginal increase of 1.46% (504 units) in the supply of industrial property units in the state from June 2012.
- The supply of industrial properties in Selangor comprised mainly terraced units, which constituted 75.37% of total industrial properties in the state. This was followed by detached units (12.25%) and semi-detached units (11.28%).
- The highest supply of industrial properties was in the Petaling district (41.07%), followed by the Klang district (18.67%) and Hulu Langat district (15.54%).

7. INDEPENDENT MARKET RESEARCH REPORT (Cont'd)



Industry Overview Report

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Future Supply

Table 7.3.2.2

Future Supply of Industrial Properties by Type and District in Selangor (2Q 2013¹)

| District Type | Petaling | Klang | Kuala Langat | Kuala Selangor | Sabak Bernam | Gombak | Hulu Selangor | Hulu Langat | Sepang | Total |
|---------------|------------|--------------|--------------|----------------|--------------|------------|---------------|--------------|-----------|--------------|
| T | 374 | 1,454 | 49 | 0 | 40 | 445 | 187 | 282 | 32 | 2,863 |
| SD | 514 | 411 | 23 | 22 | 0 | 128 | 0 | 602 | 0 | 1,700 |
| D | 83 | 254 | 167 | 47 | 1 | 55 | 4 | 245 | 2 | 858 |
| FF | 0 | 4 | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 5 |
| IC | 4 | 12 | 5 | 8 | 0 | 0 | 0 | 0 | 0 | 29 |
| Total | 975 | 2,135 | 245 | 77 | 41 | 628 | 191 | 1,129 | 34 | 5,455 |

Source: Property Stock Report 2Q 2013, Jabatan Penilaian & Perkhidmatan Harta

- As at end of June 2013, it is expected that the state of Selangor will have 5,455 new industrial units in the future, with an increase of 15.56% to its existing stock of 35,061 units in the next 2-3 years. The Petaling district will continue to contribute this sector in the overall future supply, although the Klang district is expected to have the highest number of future supply (39.14%), followed by the Hulu Langat district (20.70%) and Petaling district (17.87%). Of the upcoming 5,455 industrial units, 52.48% will consist of terraced units, 31.16% semi-detached units and 15.73% detached units.

Table 7.3.2.3

Supply Trend of Industrial Properties in the Klang District (2Q 2004 – 2Q 2013)

| Property Type | No. of Units | | | | | | | | | | Supply Increase (2Q 2004 – 2Q 2013) | |
|--------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--|-------------|
| | 2Q 2004 | 2Q 2005 | 2Q 2006 | 2Q 2007 | 2Q 2008 | 2Q 2009 | 2Q 2010 | 2Q 2011 | 2Q 2012 | 2Q 2013 | No. of units | % |
| Terraced | 4,315 | 4,461 | 4,461 | 4,461 | 4,461 | 4,553 | 4,553 | 4,553 | 4,553 | 4,553 | 238 | 5.52 |
| Semi-detached | 898 | 966 | 966 | 966 | 966 | 966 | 966 | 966 | 966 | 972 | 74 | 8.24 |
| Detached | 884 | 895 | 896 | 896 | 918 | 924 | 926 | 935 | 953 | 960 | 76 | 8.60 |
| Flatted factory | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 8 | 9 | 2 | 28.57 |
| Industrial complex | 42 | 42 | 42 | 42 | 47 | 49 | 49 | 49 | 52 | 53 | 11 | 26.19 |
| Total | 6,146 | 6,371 | 6,372 | 6,372 | 6,399 | 6,499 | 6,501 | 6,510 | 6,532 | 6,547 | 401 | 6.52 |

Source: Property Stock Report 2Q 2004 – 2Q 2013, Jabatan Penilaian & Perkhidmatan Harta

- Table 7.3.2.3 shows that the supply trend of industrial properties in the Klang district had no significant increases in the past 10 years.
- In the Klang district, the total supply of industrial properties increased by only 6.52% by the end of June 2013, as compared to end of June 2004. We noted that the supply of all the industrial properties in Klang district has increased between the periods of 2Q 2004 and 2Q 2013. The number of flatted factories, industrial complexes, detached factories, semi-detached and terraced factories increased by about 28.57%, 26.19%, 8.60%, 8.24% and 5.52% respectively over the 10-year period of 2Q 2004 to 2Q 2013.

7. INDEPENDENT MARKET RESEARCH REPORT (Cont'd)



Industry Overview Report

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- Over the 8-year period since 2Q 2005 to 2Q 2012, the supply of semi-detached factories and flatted factories (between 2Q 2004 to 2Q 2011) in the Klang district had remained stagnant. However, in 2Q 2013 supply increased by 6 units (0.62%) to 972 units for semi-detached factories, whilst flatted factories has increased by 2 units to 8 units since 2Q 2011. Based on the Table 7.3.2.3, it also noted that the supply of flatted factories and industrial complex contributed the least in terms of number of units compared to other types of industrial properties, i.e. terraced, semi-detached and detached factories in Klang district.
- Hence, it is expected that the upcoming industrial development will be able to address the small supply situation.

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7. INDEPENDENT MARKET RESEARCH REPORT (Cont'd)



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CHAPTER 8 DEMAND & SUPPLY DEPENDENCIES

8.1 DEMAND DEPENDENCIES

- There are number of internal and external factors that will be affecting the demand for property. Some of the demand dependencies are as follows:-

8.1.1 DEMAND DEPENDENCIES - ECONOMIC

- The economic well being of the nation will directly influence the business confidence, purchase confidence, disposable income and unemployment rates – thus affect the take up rate of the properties. Some of the economic factors that will determine the well-being of the nation include the following:-
 - Gross Domestic Product (GDP);
 - Gross Nation Product (GNP); and
 - Performance of the capital markets

8.1.2 DEMAND DEPENDENCIES - MICRO AND MACRO ECONOMIES

- The demand for properties is also dependent on the following economic and fiscal policies adopted by the government:-
 - Inflation;
 - Base Lending Rate (“BLR”) and interest rates;
 - Money supply;
 - Taxation; and
 - Lending policies

8.1.3 DEMAND DEPENDENCIES - GOVERNMENT POLICIES AND LOCAL GOVERNMENT REGULATIONS

- There are also policies and regulations which will affect the demand of properties. Among the federal, state and local government policies that will have the impact are as follows:-
 - Bumiputera quota;
 - Low cost housing policy; and
 - Foreign ownership policy

8.1.4 DEMAND DEPENDENCIES - DESIRABILITY OF PRODUCT

- At the individual property and purchase’s level, the demand for any property is also dependent on the product, surrounding and other factors such as:-
 - Location and its surrounding;
 - Accessibility with good infrastructure;
 - Design and quality of product;
 - Available amenities and public transportation;
 - Reputation of the developer;
 - Pricing of property;
 - Density of development; and
 - Attractive marketing strategies

7. INDEPENDENT MARKET RESEARCH REPORT (Cont'd)

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8.1.5 DEMAND DEPENDENCIES - LOANS

- One of the most critical demand dependencies especially for the residential sectors is the amount of loans given to buyers. Availability of loans from the lenders' perspective is predicated by the following factors:-
 - Financial institutions' lending policies;
 - Government policies;
 - Bank Negara guidelines; and
 - Liquidity in the market
- During December 2012, total loans to property sector increased from RM469.91 billion (December 2011) to RM541.89 billion. This indicated that there is an increment of about 15.32%. However, the total loans to non-property sectors are at about RM566.10 billion in December 2012 which increased by 6.09% from RM533.60 billion in December 2011. (Source: Property Market Reports 2011 and 2012, Jabatan Penilaian dan Perkhidmatan Harta)

8.2 SUPPLY DEPENDENCIES**8.2.1 SUPPLY DEPENDENCIES – RAW MATERIALS**

- Generally, the main raw materials used in property development include building materials such as piles, tiles, cement, iron, steel and concrete materials, which are widely available locally and overseas. Therefore, the shortage will be minimized.

8.2.2 SUPPLY DEPENDENCIES – FINANCIAL RESOURCES

- One of the supply dependencies is the financial resources needed to undertake the purchase of land and construction activities.
- Access to loan is one of the main dependencies to sustain business activities in the property industry.
- Loans approved for the construction sector recorded at a rate of -5.8% in 2Q 2013 compared to the -9.0% in 2Q 2012, according to the Quarterly Bulletin, Bank Negara Malaysia.

CHAPTER 9**RELiance ON AND VULNERABILITY TO IMPORTS****9.1 RELiance ON AND VULNERABILITY TO IMPORTS**

- The property-based industry is highly depending on the main raw materials in the property development. The main raw materials used such as piles, tiles, cement, iron, steel materials and concrete materials are easily available both locally and overseas.
- Nevertheless, the raw materials and services are generic in nature and can be sourced from other local and overseas suppliers. Therefore, the Group is not reliant on or vulnerable to imports of these materials.

7. INDEPENDENT MARKET RESEARCH REPORT (Cont'd)



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**CHAPTER 10
BARRIERS TO ENTRY****10.1 BARRIERS TO ENTRY**

Due to many players in the market, the property sector is highly-competitive in general. However, there are several factors which need to be considered by potential players before entering the industry. These include:-

- **Set-up costs**
 - A property developer needs to have a strong financial standing as large capital outlay is usually required upfront while the returns will only materialise at a later date depending on the take-up / sales rate of its property products, timely delivery and other factors. Small-scale developers sometimes face difficulty when competing against larger players that enjoy competitive advantage due to economies of scale. The former may also be priced out as good development land become scarce and expensive, in addition to facing limitations in terms of capacity to handle larger development projects or several ongoing projects simultaneously.
- **Technical skills and expertise**
 - Generally, a property development company requires technically-skilled personnel and expertise which include engineers, surveyors and project managers, to acquire land bank, develop a project, construct the buildings and run a property development company. New entrants to the property market would require time and need access to this pool of professional engineers, technical personnel and skilled labour with the necessary qualifications and experience.
- **Track record**
 - Most discerning property purchasers prefer to buy properties from developers with proven track records. In addition, a good track record would likely ease a property development company's application for financing facilities from banks and financial institutions. This means that new players are at a disadvantage by not having a proven track record and this may create some form of barriers for new entrants.

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7. INDEPENDENT MARKET RESEARCH REPORT (Cont'd)



CHAPTER 11

INDUSTRY OUTLOOK AND PROSPECTS

11.1 INDUSTRY OUTLOOK AND PROSPECTS

- For the year 2012, the Malaysian economy recorded an annual average growth rate of 5.60% (2011: 5.10%), supported by positive domestic consumption and investment, implementation of government projects and strong financing patterns. With the continued growth in domestic demand driven by expansion in private consumption and investment as well as public spending and investment, Malaysia is expected to continue registering positive economic growth albeit at a slower pace and the volatility of the ringgit of late. The announcement and implementation of the various pump-priming measures which include the 10th Malaysia Plan (2011-2015), ETP Roadmap, Budget 2013 and 2014 and other accommodative monetary policy stance undertaken by the Government are expected to lend further support to the country's growth barring major adverse effects from the ongoing European debt crisis.
- As the global economy improves, there is likely to be growing interest in the property market, especially from foreign investors attracted towards Malaysia's long term prospects and its investor-friendly environment. Based on the statistic of the Malaysia My Second Home Programme (MM2H), Ministry of Tourism Malaysia showed that there are 3,227 participants approved in 2012, an increase of 35.19% compared to the corresponding year (2011: 2,387 participants). However, it is to be noted that the proposed hike on RPGT rates on disposal of properties by foreign buyers - a flat rate of 30% on gains for disposal made within the first five years and thereafter a 5% RPGT rate for disposal in the sixth and subsequent years, is expected to dampen foreign demand for properties. This, coupled with the raising of the minimum price of property purchase by foreign buyers from RM500,000 to RM1,000,000, is expected to lead to a general slowdown in property sales, particularly for projects targeting a high level of foreign interests.
- Meanwhile, the revised Real Property Gains Tax (RPGT) regime with its higher tax rates and the removal of the Developer Interest Bearing Scheme (DIBS), are also expected to lead to a slowdown in the property market. The volume of transactions, particularly in the primary market is expected to contract as these new cooling measures will further curb speculation. In the short term, transaction volume is likely to fall substantially along with property prices. The following observations provide some indications of the trends for the property development industry and Selangor, the state in which the Group operates in:-
 - Based on GDP statistics, Selangor has a consistently higher GDP per Capita when compared to Malaysia. The investment data in Selangor 2012 indicates that the number of approved projects in the Petaling district and Klang district were the highest, with 97 and 58 projects worth RM4.32 billion and RM1.78 billion respectively. The approved projects are expected to generate employment of 9,094 jobs for Petaling and 4,060 jobs for Klang according to Selangor State Investment Centre and MIDA. This in turn will translate to higher demand for residential and commercial properties in the medium to long term.
 - Demographic statistics from the Economic Planning Unit and Department of Statistics also show that Selangor is the country's most populous state with high population growth and in-migration due to its proximity to the country's capital city of Kuala Lumpur which offers ample employment opportunities. The Selangor State Structure Plan intends to attain a population of 6.85 million and 7.37 million by 2015 and 2020 respectively which is based on a forecasted population growth of 25.46% within the next 5 years and 34.98% within the next 10 years – this augurs well for the property industry as property developers will continue to play a role in catering to the growing population's housing needs.

7. INDEPENDENT MARKET RESEARCH REPORT (Cont'd)



- In addition to being the most populous state in Malaysia, the Group's land bank in Selangor is concentrated mainly in the Petaling and Klang districts, the former being the most populous and densely-populated district in the state, and the latter being the third most populous. With the state of Selangor having a larger proportion income-earning population of 60.44% (population aged between 20 and 59 years) when compared to the other age groups, this augurs well for the Group as this population group is deemed as potential property buyers generating high demand for properties. Also, with Selangor having one of the highest annual population growth rate at 2.7% (2000 – 2010) in the country, this supports growing and sustained demand for new housing products and business premises alike.
- According to Property Market Report 2012, Selangor recorded 96,513 transactions with a total value of RM49.24 billion in 2012, contributing about 22.58% and 34.47% to the national volume and value of transactions respectively. In 1H 2013, Selangor still remained the most dominant state which recorded 40,282 transactions worth RM21.92 billion, contributing about 21.69% and 32.68% to the Malaysia volume and value of transactions respectively. This indicates that Selangor has a very active property market and high population growth due to in-migration and urbanisation. Based on the statistics of volume and value of property transactions from 2002 to First Half 2013 as reported in Property Market Reports 2003 to First Half 2013 by Jabatan Penilaian & Perkhidmatan Harta, more properties are being transacted in the Malaysian property market annually, with the average value of properties also increasing over the years from RM166,987 in 2002 to RM361,102 in 1H 2013. Based on the Industrial Property Transactions in Property Market Reports 2003 to 2012 by Jabatan Penilaian & Perkhidmatan Harta, it is observed that prices of industrial properties in Selangor have also risen over the past 11 years from RM854,907 in 2002 to RM1,896,828 in 2012. In 1H 2013, the average industrial property prices archived RM2,408,460 per unit, an increase of 26.97% from the price recorded in 2012.
- In 1H 2013, healthy movements in property prices were noted in the state of Selangor in the residential, commercial and industrial sectors as evident from the higher average transacted values on year-on-year basis (1H 2012).

Table 11.1.1 shows that the average transacted value of residential unit for the Petaling district of RM503,138.66 were higher than the state's average of RM385,617.56. As for commercial properties, Petaling district average transacted prices of RM1,356,236.32 also surpassed the State's average of RM1,118,246.50 whilst the average in Klang district traded at RM824,906.02. In 1H 2013, the average transacted prices for industrial properties in Petaling was recorded at RM3,810,921.99, were higher than the State's average transacted price whilst the average in Klang district traded at RM1,926,392.69.

The higher average transacted prices for the industrial properties in Petaling district were mainly attributed to sales of semi-detached, detached factories/warehouses and others. However, in Klang district, the transacted prices were mainly attributed to the sales of vacant plots and detached factories.

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7. INDEPENDENT MARKET RESEARCH REPORT (Cont'd)



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Table 11.1.1

| Average Transacted Value of Properties in Selangor (1H 2012 and 1H 2013) | | | | | | |
|--|-------------------|-------------------|-------------------|---------------------|---------------------|---------------------|
| Area | Residential (RM) | | Commercial (RM) | | Industrial (RM) | |
| | 1H 2012 | 1H 2013 | 1H 2012 | 1H 2013 | 1H 2012 | 1H 2013 |
| District: Petaling | 431,326.95 | 503,138.66 | 1,000,522.57 | 1,356,236.32 | 2,358,966.29 | 3,810,921.99 |
| District: Klang | 259,733.61 | 321,740.77 | 567,160.80 | 824,906.02 | 1,845,993.79 | 1,926,392.69 |
| District: Gombak | 331,556.22 | 357,114.44 | 585,805.47 | 1,012,640.26 | 1,963,661.97 | 1,349,354.84 |
| State: Selangor | 325,090.39 | 385,617.56 | 887,720.57 | 1,118,246.50 | 1,838,231.97 | 2,408,460.37 |

Source: Property Market Report First Half 2013, Jabatan Penilaian & Perkhidmatan Harta

- The districts of Petaling and Klang (in which most of the Group's projects and land banks are located) have continued to be in the forefront, having attracted a total of RM6.09 billion worth of industrial investments in 2012, representing 51.92% of total industrial investments in Selangor by the Selangor State Investment Centre & MIDA. During the same period, FDI made up 37.77% of total capital investment in the state, with Petaling district drawing the highest total capital investments. In 2012, there are a total of RM11.73 billion worth of industrial investment in Selangor, representing about 28.57% of the Malaysia's total investment (2012: RM41.05 billion) by the Selangor State Investment Centre & MIDA. The approved projects indicate that there are more industrial activities in Selangor and this in turn will translate to higher demand for residential and commercial properties in the medium to long term.
- To date, Kapar, in which the Group has on-going and future industrial developments, houses several large manufacturers such as Supermax Corporation Berhad ("Supermax"), Press Metal Berhad and Bata. The announcement on 6th March 2009 by Supermax of its new Glove City in Kapar bodes well for the overall industrial property market sector in Klang.
 - ⇒ The Glove City is a 10-year industrial project as reported in OSK Research on 6th March 2009, costing RM400 million. The project is part of Supermax's plan to progressively transfer all its rubber glove production to a central location whilst enhancing its operating efficiency. The Glove City will be built in two phases. As at May 2012, it was mentioned by Supermax Corporation Berhad that the infrastructure and earthworks of Glove City have been completed and Phase 1 will be fully commissioned by year 2014. (Source: "Invest Malaysia 2012" Conference at Shangri-La Hotel, Kuala Lumpur, 29 – 30 May 2012)
 - ⇒ Fraser & Neave Holdings Berhad ("F&N") is investing RM350 million in a new manufacturing plant in Pulau Indah to cater for the increase in demand for its products. The new plant is scheduled for completion by the end of 2012. (Source: New Straits Time, 24th October 2009). The new plant in Pulau Indah was completed ahead of schedule in November 2011 (Source: Borneo Post Online, 16th November 2011). Based on F&N Annual Report 2012, the new plant was located on a 37.4 acre site within the Selangor Halal Hub in Pulau Indah. The commercial production already began end of March 2012 followed by its complete operations in August 2012.
 - ⇒ Cargill Palm Products has announced in May 2010 on plans to build a new vegetable oil refinery in Port Klang Free Zone. The construction of the RM162 million plant was completed in 2011.

7. INDEPENDENT MARKET RESEARCH REPORT (Cont'd)



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The new Glove City in Kapar, the completed and the construction of new plants in Klang by multinationals, i.e. Cargill and F&N, will benefit the prospect and growth of the industrial sector in Klang. The Glove City in Kapar is anticipated to generate spill-over effects on the other property sub-sectors (residential, commercial and industrial) given the likelihood of increased employment, which in turn will see anticipated demand from the workforce in Glove City and also other supporting industries related to the rubber production industry. As noted from Industrial Property Stock Report 2Q 2013, the future supply for industrial in Klang has been increasing in numbers compared to other districts. With this, it may support the demand in residential and commercial in Klang district.

- Based on the volume of transactions of industrial properties in 1H 2013 within Selangor, it appears that the Klang district has the highest demand for vacant plots in the state, followed by terraced, detached and semi-detached factories. Furthermore, we note that there has been no new supply of semi-detached factories in the Klang district since 2Q 2005 to 2Q 2012. However, the supply has been increased from 966 units (2Q 2012) to 972 units in 2Q 2013, with future incoming supply of 411 units targeted to be completed in the next 2-3 years making up only 42.28% of the existing supply of 972 units. This indicates that the Group's industrial project in Kapar may be able to address the current lack of supply in the Klang district, particularly as the Petaling and Klang districts have the highest and second highest number and value of industrial properties transactions respectively, whereby indicating a strong demand for industrial properties in both districts.
- In conclusion, all these developments bode well for the prospects of the Group, in particular its on-going as well as future development projects that are sited within Selangor, for which has a growing demand for various property products ranging from residential, commercial and industrial and its high population growth and immigration and the conducive business environment provides ample opportunities for the Group to develop projects that may be well-received by the market.

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8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL

8.1 PROMOTERS AND SUBSTANTIAL SHAREHOLDERS

8.1.1 Shareholdings of shareholders

The shareholdings of our Promoters and/or substantial shareholders in our Company before and after our IPO are as follows:

| Name | Designation | Country of Incorporation/ Nationality | Before IPO | | | After IPO | | |
|---|-------------------------|---|--------------------------|--------------|----------------------------|--------------------------|----------------|----------------------------------|
| | | | < Direct > | < Indirect > | < Indirect-- > | < Direct > | < Indirect-- > | < Indirect-- > |
| | | | No. of Shares held | % held* | No. of Shares held | No. of Shares held | % held# | % held# |
| Promoters and Substantial Shareholders | | | | | | | | |
| TGSB | - | Malaysia | 258,295,000 | 100.00 | - | 208,795,000 | 61.41 | - |
| Tan Sri Dato' Lim Soon Peng | Group Managing Director | Malaysian | - | - | 258,295,000 ⁽¹⁾ | 280,000 [^] | 0.08 | 208,795,000 ⁽¹⁾ 61.41 |
| Lim Poh Yit | Chief Operating Officer | Malaysian | - | - | 258,295,000 ⁽¹⁾ | 355,000 [^] | 0.10 | 208,795,000 ⁽¹⁾ 61.41 |
| Lim Puay Fung | Executive Director | Malaysian | - | - | 258,295,000 ⁽¹⁾ | 245,000 [^] | 0.07 | 208,795,000 ⁽¹⁾ 61.41 |

Notes:

* Computed based on the enlarged paid up share capital of 258,295,000 Shares after the Acquisitions but before the IPO.

Computed based on the enlarged paid up share capital of 340,000,000 Shares after the Acquisitions and the IPO.

^ Assuming full subscription of his/her Pink Form Tranche allocation.

(1) Deemed interest by virtue of his/her substantial shareholding in TGSB pursuant to Section 6A of the Act.

8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL (Cont'd)

8.1.2 Shareholdings of RCPS holders

| Name | Designation | Country of Incorporation/ Nationality | Before IPO | | | After IPO | | |
|---|----------------------------|---|--|--|----------------------------|--|--|----------------------------|
| | | | <-----> Direct No. of RCPS held | <-----> Indirect No. of RCPS Held | <-----> % held* | <-----> Direct No. of RCPS held | <-----> Indirect No. of RCPS Held | <-----> % held# |
| <u>Promoters and Substantial Shareholders</u> | | | | | | | | |
| TGSB | - | Malaysia | 100,000,000 | 100.00 | - | 100,000,000 | 100.00 | - |
| Tan Sri Dato' Lim Soon Peng | Group Managing Director | Malaysian | - | - | 100,000,000 ⁽¹⁾ | 100.00 | - | 100,000,000 ⁽¹⁾ |
| Lim Poh Yit | Chief Operating Officer | Malaysian | - | - | 100,000,000 ⁽¹⁾ | 100.00 | - | 100,000,000 ⁽¹⁾ |
| Lim Puay Fung | Executive Director | Malaysian | - | - | 100,000,000 ⁽¹⁾ | 100.00 | - | 100,000,000 ⁽¹⁾ |

Notes:

* Computed based on the enlarged paid up share capital of 100,000,000 RCPS after the Acquisitions but before the IPO.

Computed based on the enlarged paid up share capital of 100,000,000 RCPS after the Acquisitions and the IPO.

(1) Deemed interest by virtue of his/her substantial shareholding in TGSB pursuant to Section 6A of the Act.

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8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL *(Cont'd)*

8.1.3 Profile of Promoters and Substantial Shareholders

TGSB

Promoter and substantial shareholder

TGSB was incorporated in Malaysia under the Act on 8 May 2002 under the name of Golderex Development Sdn Bhd and assumed its present name on 8 June 2005. As at the LPD, its authorised share capital is RM5,000,000 divided into 5,000,000 ordinary shares of RM1.00 each, of which 5,000,000 ordinary shares of RM1.00 have been issued and fully-paid up.

The principal activity of TGSB is investment holding. Through its subsidiary and associate companies, TGSB is principally involved in investment holding/property investment, trading of building materials and property management. The directors and substantial shareholders of TGSB and their respective shareholdings in TGSB as at the LPD are as follows:

| Name | Designation | < ----- Direct ----- > | | < ----- Indirect ----- > | |
|-------------------------------------|-------------|------------------------|-----------|--------------------------|-----------|
| | | No. of shares held | % held | No. of shares held | % held |
| Directors/ Substantial shareholders | | | | | |
| Tan Sri Dato' Lim Soon Peng | Director | 1,500,000 | 30.00 | - | - |
| Lim Poh Yit | Director | 2,550,000 | 51.00 | - | - |
| Lim Puay Fung | Director | 950,000 | 19.00 | - | - |
| Total | | 5,000,000 | 100.00 | | |

The profiles of Tan Sri Dato' Lim Soon Peng, Lim Poh Yit and Lim Puay Fung are set out in Section 8.2.1 of this Prospectus.

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8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL (Cont'd)

8.1.4 Changes in Promoters and/or Substantial Shareholders' Shareholdings During the Past Three (3) Years

Save as disclosed below, there has been no change in the shareholdings of our Promoters and/or substantial shareholders in our Company since incorporation up to the date of this Prospectus:

| Promoters/ Substantial Shareholders | Date | No. of Units | | Balance Held | | | Reason for Change |
|---|-------------|-----------------------------|------------------------|-------------------------|--------|--------------------------------|--------------------|
| | | Allotment / Acquisitions | Transfer / Disposal | Direct No. Of Shares | % | Indirect No. Of Shares % | |
| TGSB | 29 Mar 2013 | 4 | - | 4 | 100.00 | - | Share acquisition |
| | 29 Mar 2013 | 258,294,996 | - | 258,295,000 | 100.00 | - | Acquisitions |
| Tan Sri Dato' Lim Soon Peng | 29 Mar 2013 | - | - | - | - | 4 ⁽¹⁾ | Share acquisition |
| | 29 Mar 2013 | - | - | - | - | 258,295,000 ⁽¹⁾ | Acquisitions |
| Lim Poh Yit | 29 Mar 2013 | - | - | - | - | 4 ⁽¹⁾ | Share acquisition |
| | 29 Mar 2013 | - | - | - | - | 258,295,000 ⁽¹⁾ | Acquisitions |
| Lim Puay Fung | 29 Mar 2013 | - | - | - | - | 4 ⁽¹⁾ | Share acquisition |
| | 29 Mar 2013 | - | - | - | - | 258,295,000 ⁽¹⁾ | Acquisitions |
| Yap Kian Mun | 9 Jul 2012 | 1 | - | 1 | 50.00 | - | Subscriber's share |
| | 26 Jul 2012 | - | 1 | - | - | - | Share transfer |
| Lim Boon Huay | 9 Jul 2012 | 1 | - | 1 | 50.00 | - | Subscriber's share |
| | 26 Jul 2012 | - | 1 | - | - | - | Share transfer |
| Mohd Azrul Affandi bin Mohd Shafie | 26 Jul 2012 | 1 | - | 1 | 50.00 | - | Share acquisition |
| | 27 Jul 2012 | 1 | - | 2 | 50.00 | - | Share split |
| | 29 Mar 2013 | - | 2 [#] | - | - | - | Share transfer |
| Mohd Hazmil bin Mohd Kassim | 26 Jul 2012 | 1 | - | 1 | 50.00 | - | Share acquisition |
| | 27 Jul 2012 | 1 | - | 2 | 50.00 | - | Share split |
| | 29 Mar 2013 | - | 2 [#] | - | - | - | Share transfer |

Notes:

(1) Deemed interest by virtue of his/her substantial shareholding in TGSB pursuant to Section 6A of the Act.
These shares was transferred to TGSB on 29 Mar 2013.

8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL *(Cont'd)*

8.2 BOARD OF DIRECTORS

8.2.1 Profile

Tan Sri Dato' Hashim bin Meon, Malaysian, aged 66
Independent Non-Executive Chairman

Tan Sri Dato' Hashim Meon, aged 66, is our Group Independent Non-Executive Chairman and was appointed to our Board on 24 September 2012. He graduated with an Arts Degree from Universiti Malaya in 1970 and obtained his Masters in Public Administration from the University of Southern California, Los Angeles United States of America in 1981.

He started his career by joining the Malaysian public service in 1970 as an Assistant Secretary in the Ministry of Labour. Since 1995, he was the State Secretary of Selangor Darul Ehsan and while serving as Selangor Darul Ehsan's State Secretary, he was also appointed as the Vice Chairman of Kumpulan Darul Ehsan Berhad, Perbadanan Kemajuan Negeri Selangor and Selangor Foundation (Yayasan Selangor). Besides that, he also represented Selangor Darul Ehsan on the Board of Federal Government's projects in Selangor Darul Ehsan namely Putrajaya Corporation and KL International Airport Berhad. In 1999, he was appointed as the Secretary General for the Ministry of Defence of Malaysia until 2003 when he retired from the Malaysian public service. During his 33 years in the Malaysian public services, he has accumulated various experiences in the areas of human resource management, project management, information communication technology management, education and training.

After his retirement from the Malaysian public service from 2003 to present, he has served on the Board of Directors in a number of private limited companies and actively involved in non-government organisations. He has been serving on the Board of Directors of Lembaga Tabung Haji (TH) since 2011.

Currently, he holds several directorships in a number of private limited companies and public companies as disclosed in Section 8.2.3 of this Prospectus.

Tan Sri Dato' Lim Soon Peng, Malaysian, aged 58
Group Managing Director

Tan Sri Dato' Lim Soon Peng, aged 58, is our Group Managing Director and was appointed to our Board on 24 September 2012. He left primary school in 1967 and assisted his family members who owned a petty trading business, until 1972. He subsequently formed a partnership, Chan Yik Enterprise, to venture into construction industry in 1972 until 1980. He is our Group's founder and has been primarily responsible for our growth and development since our inception.

In 1980, he set up his privately owned company, Soon Engineering & Construction Sdn Bhd, to undertake construction and engineering activities. In 1983, he established Titijaya (M) Sdn Bhd and, in subsequent years, he established the subsidiaries in our Group, to undertake property development activities. Under Titijaya (M) Sdn Bhd, he successfully developed his first project comprising holiday apartments in Fraser's Hills in a joint-venture with the then Malaysian General Investment Corporation Berhad.

Subsequently, he spearheaded the development of Mutiara Bukit Raja as well as the Klang Sentral Commercial Centre which comprises a bus and taxi terminal and shop offices. In 2004, he successfully led NPO Development towards its first venture into a high rise residential project with the development of the E-Tiara Serviced Apartments in Subang Jaya. This had paved the way for further residential and commercial development projects including Casa Tiara Serviced Suites, First Subang, One SOHO (formerly known as Subang SOHO) and Subang Parkhomes.

8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL (*Cont'd*)

He has accumulated approximately 40 years of experience in the property development industry and is responsible for our overall business strategy.

Currently, he also holds directorships in other companies as disclosed in Section 8.2.3 of this Prospectus.

Lim Poh Yit, Malaysian, aged 31
Chief Operating Officer

Lim Poh Yit, aged 31, is our Group's Chief Operating Officer and was appointed to our Board on 28 August 2012. He graduated with a Bachelor of Computing degree from Monash University, Australia in 2003.

He started his career when he joined our Group in 2004 as Business Development Executive. His role includes undertaking project development feasibility studies, identifying suitable land banks and was also the personal assistant to Tan Sri Dato' Lim Soon Peng in the day-to-day management of our Group. During his tenure as our Group's Business Development Executive, he supervised the development of Mutiara Bukit Raja project, undertook the feasibility studies for E-Tiara Serviced Apartment project, Klang Sentral Commercial Centre as well as Mutiara Point Business Park (Phase 1) project. He was subsequently promoted to the position of Chief Operating Officer in 2005. He has also implemented and/or managed our Group's completed and/or existing projects such as Klang Sentral Commercial Centre, Tiara Square Business Centre, E-Tiara Serviced Apartments, Mutiara Point Business Park, Casa Tiara Serviced Suites, One SOHO (formerly known as Subang SOHO), First Subang and Subang Parkhomes.

During his nine (9) years in the property development industry, he has been responsible for our Group's day-to-day management, strategic planning, property development projects, human resources, accounts and finance as well as overseeing the implementation of our Group's internal policies.

Currently, he holds several directorships in a number of private limited companies as disclosed in Section 8.2.3 of this Prospectus.

Lim Puay Fung, Malaysian, aged 33
Executive Director

Lim Puay Fung, aged 33, is our Executive Director and was appointed to our Board on 24 September 2012. She heads our Group's sales and marketing division. She graduated with a Bachelor of Commerce (Corporate Finance) from the University of Adelaide, Australia in 2002.

She started her career when she joined the property development industry in 2003 as Marketing Executive in TGSB. She joined our Group in 2007 as our Group's Sales and Marketing Director. She has successfully managed the marketing, advertising and promotional activities for Klang Sentral Commercial Centre, Tiara Square Business Centre, E-Tiara Serviced Apartments, Mutiara Point Business Park (Phase I), Casa Tiara Serviced Suites, One SOHO (formerly known as Subang SOHO), First Subang and Subang Parkhomes.

During her 10 years in the property development industry, she has been responsible for our sales and marketing division whereby she is responsible for our marketing and promotional activities for on-going and new development projects.

Currently, she holds several directorships in a number of private limited companies as disclosed in Section 8.2.3 of this Prospectus.

8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL (*Cont'd*)

Dato' Ch'ng Toh Eng, Malaysian, aged 57 Independent Non-Executive Director

Dato' Ch'ng Toh Eng, aged 57, is our Independent Non-Executive Director and was appointed to our Board on 24 September 2012. He obtained his Diploma in Education in 1979 from the Language Institute, Kuala Lumpur.

He started his career in 1980 as a secondary school teacher in Sri Tanjung, Kuala Selangor. In 1990, he was appointed as the Press Secretary to the Minister of Housing and Local Government. Subsequently, in 1993, he was promoted to become the political secretary to the Minister of Housing and Local Government, a post that he held until 1995. In the same year, he was elected as Selangor State Assemblymen and was subsequently appointed as a member of the Selangor State Executive Council which he served until 2008.

Subsequent to 2008, Dato' Ch'ng Toh Eng has been appointed as a Director in several companies as disclosed in section 8.2.3 of this Prospectus.

During his 18 years in both federal and state government administration, he has accumulated various experiences in the areas of administration of environment, information communication technology and state planning committee.

YB Datuk Wan Ahmad Fauzi bin Hashim @ Wan Husain, Malaysian, aged 42 Non-Independent Non-Executive Director

YB Datuk Wan Ahmad Fauzi bin Hashim @ Wan Husain, aged 42, is our Non-Independent Non-Executive Director and was appointed to our Board on 24 September 2012. He graduated with a LLB (Hons) from the International Islamic University Malaysia in 1995.

He was admitted to the High Court of Malaya in 1996 and started his career as Advocate and Solicitor with Messrs Nasira Aziz & Co from 1996 to 1997. In 1997, he set up his own law practice, Messrs WA Fauzi & Co, as a sole proprietor. In 2003, he merged his law practice with Messrs Abd. Gani Che Man & Co and he ceased practising law in 2007. He joined Inno Serangkai Sdn Bhd and its group of companies in 2006 and he is currently the Group Executive Chairman. During his 11 years in legal practice, he has accumulated various experiences in the areas of law such as constitutional law and corporate law.

He is also the Secretary to the Dewan Pangkuan Diraja Terengganu (Council of the Terengganu Royal Court) and Member of the Majlis Agama Islam dan Adat Melayu Terengganu (Terengganu Islamic Religious and Malay Customs Council). Currently, he holds directorships in a number of private limited companies as disclosed in Section 8.2.3 of this Prospectus.

Chin Kim Chung, Malaysian, aged 49 Independent Non-Executive Director

Chin Kim Chung, aged 49, is our Independent Non-Executive Director and was appointed to our Board on 24 September 2012. He completed his Association of Chartered Certified Accountants ("ACCA") in 1991 and was admitted as an Associate of ACCA in 1993. He is currently a Chartered Accountant of the Malaysia Institute of Accountants, an Associate of the Malaysia Institute of Taxation and a fellow of the Association of Chartered Certified Accountants. He is also a licensed auditor and liquidator and an authorised tax agent.

8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL (*Cont'd*)

He started his career in the audit profession in 1992 and was trained in Deloitte KassimChan until 1995 when he left as an audit manager. He joined Sekhar & Tan (former partnership of Touche Ross), an audit firm as manager from 1996 to 1998. Prior to 2000, he was operating as an independent consultant. In 2000, he set up his own practice which provides professional services in external and internal audit and liquidation services. Since 2006, his practice has been under the name of Russell Bedford LC & Company, a member of Russell Bedford International, a global network of independent professional services firm.

At Russell Bedford Malaysia, he is involved in the management of the firm and is also responsible for the firm's professional service lines in the areas of business risks and internal control review, liquidation, recovery and turnaround management, corporate finance related services and external auditing.

During his more than 20 years in the audit profession, he has accumulated various experiences in the areas of auditing, advisory work of corporate exercise liquidation, recovery and turnaround management, corporate finance related services and external auditing.

Currently, he holds position as a board member in private limited companies and public companies as disclosed in Section 8.2.3 of this Prospectus.

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8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL (Cont'd)

8.2.2 Shareholdings

The shareholdings of our Directors in our Company before and after our IPO are as follows:

| Name | Designation | Nationality | Before IPO | | | After IPO | | |
|--|--|-------------|-------------------|--------------------------|----------------------------|----------------------|--------------------------|----------------------------|
| | | | <-----> Direct | <-----> No. of Shares | <-----> % held* | <-----> Direct | <-----> No. of Shares | <-----> % held |
| Tan Sri Dato' Hashim bin Meon | Independent Non-Executive Chairman | Malaysian | - | - | - | - | - | - |
| Tan Sri Dato' Lim Soon Peng | Group Managing Director | Malaysian | - | - | 258,295,000 ⁽¹⁾ | 280,000 [^] | 0.08 | 208,795,000 ⁽¹⁾ |
| Lim Poh Yit | Chief Operating Officer | Malaysian | - | - | 258,295,000 ⁽¹⁾ | 355,000 [^] | 0.10 | 208,795,000 ⁽¹⁾ |
| Lim Puay Fung | Executive Director | Malaysian | - | - | 258,295,000 ⁽¹⁾ | 245,000 [^] | 0.07 | 208,795,000 ⁽¹⁾ |
| Dato' Ch'ng Toh Eng | Independent Non-Executive Director | Malaysian | - | - | - | 250,000 [^] | 0.07 | - |
| YB Datuk Wan Ahmad Fauzi bin Hashim @ Wan Husain | Non-Independent Non-Executive Director | Malaysian | - | - | - | - | - | - |
| Chin Kim Chung | Independent Non-Executive Director | Malaysian | - | - | - | 200,000 [^] | 0.06 | - |

Notes:

* Computed based on the enlarged paid up share capital of 258,295,000 Shares after the Acquisitions but before the IPO.

Computed based on the enlarged paid up share capital of 340,000,000 Shares after the Acquisitions and the IPO.

^ Assuming full subscription of his/her Pink Form Tranche allocation.

(1) Deemed interest by virtue of his/her substantial shareholding in TGSB pursuant to Section 6A of the Act.

Save for the RCPS held by Tan Sri Dato' Lim Soon Peng, Lim Poh Yit and Lim Puay Fung which is set out in Section 8.1.2 of this Prospectus, none of our Directors has any RCPS holdings in our Company before and after our IPO.

8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL (Cont'd)

8.2.3 Principal Activities Performed Outside Our Group

Save as disclosed below, none of our Directors has any directorships and/or principal activities performed outside of our Group in all other corporations as at the LPD and in the last five (5) years:

| Name | Directorships | Involvement in other principal activities |
|-------------------------------|---|---|
| Tan Sri Dato' Hashim bin Meon | <i>Present directorships</i> | |
| | <ul style="list-style-type: none"> AXA Affin General Insurance Berhad Lembaga Tabung Haji MESB Development Sdn Bhd Persada Suci Sdn Bhd TH2.0 Sdn Bhd T.AHA Alam Sdn Bhd Theta Edge Berhad UPNM Business Centre Sdn Bhd Universiti Pertahanan Nasional Malaysia | <ul style="list-style-type: none"> President of Yayasan Kepimpinan & Strategi Malaysia (YKSM) Chairman of Yayasan Kebajikan Nusantara (YAKIN) Trustee of Dewan Amal Islami (DAMAI) Trustee of The Mental Health Foundation (MHF) Member of Yayasan Waqaf Malaysia Trustee of Penuafakatan Badan Ilmiah Nasional (PEMBINA) |
| | <i>Previous directorships for the past five (5) years</i> | |
| | <ul style="list-style-type: none"> BH Insurance (M) Bhd (formerly known as AXA Management Services Berhad) (resigned on 16 Jun 2011) Dallab Cryptotech Sdn Bhd (resigned on 28 Sept 2012) Dynamic Communication Link Sdn Bhd (resigned on 4 Jul 2012) Exotic Rentals Sdn Bhd (struck off on 07 Sept 2012) Golden Gables Sdn Bhd (resigned on 3 May 2010) Hak Technologies Sdn Bhd (resigned on 16 Aug 2012) I-Bonus Loyalty Sdn Bhd (struck off on 21 Oct 2011) International Business Hub Sdn Bhd (resigned on 16 Aug 2012) IMV Properties Sdn Bhd (resigned on 16 Aug 2012) Konsortium Ayuda Engineering Holdings Sdn Bhd (resigned on 16 Aug 2012) Lingkar Nikmat Sdn Bhd (resigned on 24 Mar 2012) Maintenance Engineering Sdn Bhd (resigned on 3 May 2012) Makaya Enhanced Skill Trading & Innovation Sdn Bhd (resigned on 16 Aug 2012) Makaya Rail Sdn Bhd (resigned on 26 Jun 2009) Makaya Holdings Sdn Bhd (resigned on 16 Aug 2012) Makaya Harta Sdn Bhd (resigned on 28 Sept 2012) Makaya Konsult Sdn Bhd^ (resigned on 16 Aug 2012) | |

8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL (Cont'd)

| Name | Directorships | Involvement in other principal activities |
|---|---|---|
| Tan Sri Dato' Hashim bin Meon (cont'd) | <p><i>Previous directorships for the past five (5) years (cont'd)</i></p> <ul style="list-style-type: none"> Marvel Corporation (M) Sdn Bhd (resigned on 16 Aug 2012) Microsense Sdn Bhd (resigned on 28 Sept 2012) Mission Meridian Sdn Bhd (resigned on 5 Nov 2012) MSC Management Services Sdn Bhd (resigned on 15 May 2012) Muse Sports Aviation Management Sdn Bhd (resigned on 16 Aug 2012) Petapak (Malaysia) Sdn Bhd (struck off on 24 Nov 2010) Premier Ayer Sdn Bhd (resigned on 2 Mar 2009) Prestige Line Sdn Bhd (resigned on 3 May 2013) Rivernore Capital Sdn Bhd (resigned on 12 May 2011) Sapura Defence Sdn Bhd (resigned on 1 Feb 2007) Taman Sari Development Sdn Bhd (resigned on 28 Sept 2012) Yaelba (resigned on 18 Sept 2012) | |
| Tan Sri Dato' Lim Soon Peng | <p><i>Present directorships</i></p> <ul style="list-style-type: none"> TGSB | <ul style="list-style-type: none"> Trustee of Malaysian Chinese Women Entrepreneurs Foundation |
| | <p><i>Previous directorships for the past five (5) years</i></p> <ul style="list-style-type: none"> Amakmur Development Sdn Bhd (resigned on 8 Dec 2010) Ampang Avenue Development Sdn Bhd (resigned on 26 Apr 2012) Astrabilt Sdn Bhd (struck off on 21 Oct 2011) Blu Waterfront Development Sdn Bhd (formerly known as Titijaya Development (Sabah) Sdn Bhd) (resigned on 8 Dec 2010) Cahaya Prestasi (M) Sdn Bhd (resigned on 8 Dec 2010) Cahaya Purnama Sdn Bhd (resigned on 8 Dec 2010) Cekal Unggul Sdn Bhd (resigned on 9 May 2012) Deliacres Sdn Bhd (resigned on 26 May 2010) Delta Hartamas Sdn Bhd (resigned on 6 Sept 2012) Dunaz Estates Sdn Bhd (resigned on 26 Apr 2012) Emerald Court Sdn Bhd (resigned on 8 Dec 2010) Everfine Profile Sdn Bhd (resigned on 8 Dec 2010) Gamma Properties Sdn Bhd (resigned on 8 Dec 2010) Geeline Sdn Bhd (resigned on 30 Aug 2012) Globe Capitaland Sdn Bhd (struck off on 4 Nov 2011) Golden Designation Sdn Bhd (resigned on 26 Apr 2012) Hartanah Titijaya Sdn Bhd (resigned on 8 Dec 2010) | |

8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL (Cont'd)

| Name | Directorships | Involvement in other principal activities |
|--------------------------------------|--|---|
| Tan Sri Dato' Lim Soon Peng (cont'd) | <i>Previous directorships for the past five (5) years (cont'd)</i> | |
| | • Hor Fatt Holdings Sdn Bhd^ (resigned on 26 Apr 2012) | |
| | • Indiana Rainforest Sdn Bhd (resigned on 8 Dec 2010) | |
| | • Indra Tropika Sdn Bhd (resigned on 8 Dec 2010) | |
| | • Istilah Makmur Sdn Bhd (resigned on 26 Apr 2012) | |
| | • Kamco Aluminium Engineering Sdn Bhd (resigned on 28 Dec 2010) | |
| | • Kamco Aluminium Sdn Bhd (resigned on 28 Dec 2010) | |
| | • Kariabina Enterprises Sdn Bhd (resigned on 30 Aug 2012) | |
| | • Kerja Jati Sdn Bhd (resigned on 8 Dec 2010) | |
| | • Mega Contribution Sdn Bhd (resigned on 8 Dec 2010) | |
| | • Megah Abadi Sdn Bhd (resigned on 8 Dec 2010) | |
| | • Metro Cartel Sdn Bhd (resigned on 8 Dec 2010) | |
| | • MIM Ventures Sdn Bhd (resigned on 8 Dec 2010) | |
| | • NPO Asset Sdn Bhd (resigned on 8 Dec 2010) | |
| | • NPO Builders Sdn Bhd (resigned on 16 Aug 2011) | |
| | • NPO Management Sdn Bhd (resigned on 8 Dec 2010) | |
| | • NPO Prima Properties Sdn Bhd (resigned on 8 Dec 2010) | |
| | • NPO Realty Sdn Bhd (resigned on 8 Dec 2010) | |
| | • NPO Trading Sdn Bhd (resigned on 8 Dec 2010) | |
| | • Pan Acres Reality Sdn Bhd (resigned on 8 Dec 2010) | |
| | • Pristine Valley Sdn Bhd (resigned on 8 Dec 2010) | |
| | • Rampai Bagan Sdn Bhd (resigned on 8 Dec 2010) | |
| | • S & F Corporation Sdn Bhd (resigned on 8 Dec 2010) | |
| | • Seri Borneo Cultural Hub Sdn Bhd (resigned on 28 Dec 2010) | |
| | • Siswa-Air Tours and Travel Sdn Bhd (resigned on 8 Dec 2010) | |
| | • Soon Assets Sdn Bhd (struck off on 4 Nov 2011) | |
| | • Soon Engineering & Construction Sdn Bhd (struck off on 29 July 2011) | |
| | • Sri Komakmur Development Sdn Bhd (resigned on 8 Dec 2010) | |
| | • T.I. Jaya Sdn Bhd (struck off on 17 July 2012) | |
| | • Taktik Sakti Sdn Bhd (resigned on 8 Dec 2010) | |
| | • Tenang Sempurna Sdn Bhd (resigned on 26 Apr 2012) | |
| | • Titijaya (M) Sdn Bhd (resigned on 8 Dec 2010) | |
| | • Titijaya Asset Sdn Bhd (resigned on 8 Dec 2010) | |
| | • Titijaya Construction Sdn Bhd (resigned on 8 Dec 2010) | |
| | • Titijaya Development Sdn Bhd (resigned on 8 Dec 2010) | |
| | • Titijaya Development (KB) Sdn Bhd (resigned on 8 Dec 2010) | |

8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL (*Cont'd*)

| Name | Directorships | Involvement in other principal activities |
|--|---|---|
| Tan Sri Dato' Lim Soon Peng (<i>cont'd</i>) | <p><u>Previous directorships for the past five (5) years (<i>cont'd</i>)</u></p> <ul style="list-style-type: none"> • Titijsaya Development (Terengganu) Sdn Bhd (<i>resigned on 8 Dec 2010</i>) • Titijsaya Property Sdn Bhd (<i>resigned on 26 Apr 2012</i>) • Titijsaya Senada Sdn Bhd (<i>resigned on 26 Apr 2012</i>) • Topzeller (M) Sdn Bhd (<i>resigned on 28 Mar 2007</i>) • Topzeller (Shah Alam) Sdn Bhd (<i>resigned on 30 Aug 2012</i>) • Tunas Rumpun Sdn Bhd (<i>resigned on 8 Dec 2010</i>) • Twinlite Sdn Bhd (<i>resigned on 26 Apr 2012</i>) • Wira Setia Sdn Bhd^ (<i>resigned on 26 Apr 2012</i>) • Yaelba (<i>resigned on 18 Sept 2012</i>) | |
| Lim Poh Yit | <p><u>Present directorships</u></p> <ul style="list-style-type: none"> • TGSB • Titijsaya Asset Sdn Bhd • T-Jaya Management Sdn Bhd <p><u>Previous directorships for the past five (5) years</u></p> <ul style="list-style-type: none"> • Amakmur Development Sdn Bhd (<i>resigned on 26 Apr 2012</i>) • Ampang Avenue Development Sdn Bhd (<i>resigned on 26 Apr 2012</i>) • Cekal Unggul Sdn Bhd (<i>resigned on 9 May 2012</i>) • Deliares Sdn Bhd (<i>resigned on 26 May 2010</i>) • Delta Hartamas Sdn Bhd (<i>resigned on 6 Sept 2012</i>) • Dunaz Estates Sdn Bhd (<i>resigned on 26 Apr 2012</i>) • Golden Designation Sdn Bhd (<i>resigned on 26 Apr 2012</i>) • Meridian Consolidated Sdn Bhd (<i>resigned on 26 Apr 2012</i>) • NPO Asset Sdn Bhd (<i>resigned on 26 Apr 2012</i>) • NPO Management Sdn Bhd (<i>resigned on 16 Oct 2007</i>) • NPO Prima Properties Sdn Bhd (<i>resigned on 8 Dec 2010</i>) • NPO Realty Sdn Bhd (<i>resigned on 10 Jan 2012</i>) • T.I. Jaya Sdn Bhd (<i>struck off on 17 July 2012</i>) • Tenang Sempurna Sdn Bhd (<i>resigned on 26 Apr 2012</i>) • Titijsaya Senada Sdn Bhd (<i>resigned on 26 Apr 2012</i>) • Tunas Rumpun Sdn Bhd (<i>resigned on 3 April 2012</i>) • Yaelba (<i>resigned on 18 Sept 2012</i>) | None |

8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL (Cont'd)

| Name | Directorships | Involvement in other principal activities |
|--|---|--|
| Lim Puay Fung | <i>Present directorships</i> | None |
| | • Cangkih Kota Development Sdn Bhd | |
| | • Everfine Profile Sdn Bhd | |
| | • Kamco Aluminium Engineering Sdn Bhd | |
| | • Kamco Aluminium Sdn Bhd | |
| | • Kerja Jati Properties Sdn Bhd | |
| | • TGSB | |
| | • T-Jaya Management Sdn Bhd | |
| | <i>Previous directorships for the past five (5) years</i> | |
| | • Delta Hartamas Sdn Bhd (resigned on 6 Sept 2012) | |
| | • Kerja Jati Sdn Bhd (resigned on 6 Sept 2012) | |
| | • NPO Asset Sdn Bhd (resigned on 26 April 2012) | |
| | • NPO Builders Sdn Bhd (resigned on 16 Aug 2011) | |
| | • Titijaya Senada Sdn Bhd (resigned on 26 Apr 2012) | |
| | • Yaelba (resigned on 18 Sept 2012) | |
| YB Datuk Wan Ahmad Fauzi bin Hashim @ Wan Husain | <i>Present directorships</i> | <ul style="list-style-type: none"> • Chairman of Yayasan Tuanku Nur Zahirah (YTNZ) • Secretary to the Dewan Pangkuan Diraja Terengganu (Council of the Terengganu Royal Court) • Member of Majlis Agama Islam dan Adat Melayu Terengganu (Terengganu Islamic Religious and Malay Customs Council) |
| | • Infra Senada Sdn Bhd | |
| | • Inno Marine Services Sdn Bhd | |
| | • Inno Senada Sdn Bhd | |
| | • Inno Serangkai Sdn Bhd | |
| | • Inno Trident Offshore Sdn Bhd | |
| | • Logistone Sdn Bhd | |
| | • Malaysian Engineering & Oilfield Services Sdn Bhd | |
| | • Meos Energy Sdn Bhd | |
| | • Meos Matrix Sdn Bhd | |
| | • Meos Offshore Services Sdn Bhd (formerly known as Cendana Utuh Sdn Bhd) | |
| | • Midas Senada Sdn Bhd | |
| | • Mitra Angkasa Sdn Bhd | |
| | • Segi Sensasi Sdn Bhd | |
| | • Senada Properties Sdn Bhd | |
| | • Senada Ventures Sdn Bhd (formerly known as Titijaya Senada Sdn Bhd) | |
| | • Teras-Kencana Ventures Sdn Bhd | |
| | • VM Offshore Sdn Bhd (formerly known as Sepadan Maya Sdn Bhd) | |

8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL (Cont'd)

| Name | Directorships | Involvement in other principal activities |
|---|--|--|
| YB Datuk Wan Ahmad Fauzi bin Hashim @ Wan Husain (cont'd) | <u>Previous directorships for the past five (5) years</u> | |
| | <ul style="list-style-type: none"> • Delta Hartamas Sdn Bhd (resigned on 6 Sept 2012) • Dian Padu Sdn Bhd (resigned on 1 Feb 2009) • Focus Dynamic Technologies Berhad (resigned on 9 Oct 2009) • Gayong Maju Enterprise Sdn Bhd (resigned on 7 Sept 2012) • IDS Darussalam Sdn Bhd (formerly known as Layar Mahir Sdn Bhd) (resigned on 31 May 2010) • Inno O & G Services Sdn Bhd (resigned on 15 Nov 2010) • Inno Petroleum Sdn Bhd (struck off on 12 June 2013) • Inno Timur Sdn Bhd (resigned on 24 Apr 2012) • Kelisamas Offshore (M) Sdn Bhd (resigned on 15 Nov 2010) • Life Circle Enterprise Sdn Bhd (resigned on 20 May 2010) • NSTG Sdn Bhd (resigned on 16 Feb 2009) • Regal Adventasia Sdn Bhd (resigned on 15 Aug 2010) • Simbol Semarak Sdn Bhd^ (resigned on 21 Sept 2012) • Sinar Dermaga Sdn Bhd (resigned on 7 May 2012) • Taipan Perkasa Sdn Bhd (resigned on 21 Sept 2012) • Yaelba (resigned on 18 Sept 2012) | |
| Dato' Ch'ng Toh Eng | <u>Present directorships</u> | |
| | <ul style="list-style-type: none"> • Port Klang Free Zone Sdn Bhd • Teen's Galaxy Sdn Bhd • Time Galaxy (M) Sdn Bhd | <ul style="list-style-type: none"> • Member of Solid Waste Management and Public Cleansing Corporation • Trustee of Yayasan Kebajikan Negara, Malaysia (National Welfare Foundation) • Trustee of Centre for Early Childhood Education |
| | <u>Previous directorships for the past five (5) years</u> | |
| | <ul style="list-style-type: none"> • Yaelba (resigned on 18 Sept 2012) | |
| Chin Kim Chung | <u>Present directorships</u> | |
| | <ul style="list-style-type: none"> • Musyarakah One Capital Berhad • Russell Bedford Malaysia Business Advisory Sdn Bhd • Russell Bedford Malaysia JSG Sdn Bhd | <ul style="list-style-type: none"> • Trustee for the Malaysian Chinese Women Entrepreneurs Foundation |
| | <u>Previous directorships for the past five (5) years</u> | |
| | <ul style="list-style-type: none"> • Yaelba (resigned on 18 Sept 2012) • Russell Bedford Malaysia Consulting Sdn Bhd (struck off on 6 June 2011) | |

8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL (Cont'd)

Note:

[^] These company is in the process of being struck off.

The principal activities of the companies in which our Non-Executive Directors have present directorship are as follows (Note: The principal activities of the companies in which our Executive Directors have present directorships are disclosed in Section 8.5 of this Prospectus):

| Name | Directorships | Principal Activities |
|--|--|---|
| Tan Sri Dato' Hashim bin Meon | <p><i>Present directorships</i></p> <ul style="list-style-type: none"> AXA Affin General Insurance Berhad Lembaga Tabung Haji MESB Development Sdn Bhd Persada Suci Sdn Bhd TH2.0 Sdn Bhd TAHA Alam Sdn Bhd Theta Edge Berhad UPNM Business Centre Sdn Bhd Universiti Pertahanan Nasional Malaysia | <p>Underwriting of all classes of general insurance business</p> <p>Islamic financial institution</p> <p>Property investment / Property development</p> <p>Dormant</p> <p>Investment holding</p> <p>Investment holding</p> <p>Investment holding</p> <p>To carry on continuous professional development programmes</p> <p>Provision of tertiary education</p> |
| YB Datuk Wan Ahmad Fauzi bin Hashim @ Wan Husain | <p><i>Present directorships</i></p> <ul style="list-style-type: none"> Infra Senada Sdn Bhd Inno Marine Services Sdn Bhd Inno Senada Sdn Bhd Inno Serangkai Sdn Bhd Inno Trident Offshore Sdn Bhd Logistime Sdn Bhd Malaysian Engineering & Oilfield Services Sdn Bhd Meos Energy Sdn Bhd Meos Matrix Sdn Bhd Meos Offshore Services Sdn Bhd (formerly known as Cendana Utuh Sdn Bhd) Midas Senada Sdn Bhd Mitra Angkasa Sdn Bhd Segi Sensasi Sdn Bhd Senada Properties Sdn Bhd Senada Ventures Sdn Bhd (formerly known as Titijaya Senada Sdn Bhd) Teras-Kencana Ventures Sdn Bhd | <p>Provision of infrastructure services</p> <p>Vessel operations that include chartering, managing and leasing of offshore vessels, and other shipping related activities for offshore oil and gas industry</p> <p>Investment holding</p> <p>Investment holding</p> <p>Dormant</p> <p>Chartering of vessels and oil and gas related services</p> <p>Vessels operator, development of oil and gas, repair facilities and logistic base, and offshore and logistics related services</p> <p>Project management consultant</p> <p>Dormant</p> <p>Carrying on of development for oil and gas integrated maintenance base</p> <p>Ship management and agency services</p> <p>Chartering of vessels</p> <p>Investment holding</p> <p>Investment holding</p> <p>Dormant</p> <p>Chartering of vessel operator services</p> |

8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL (*Cont'd*)

| Name | Directorships | Principal Activities |
|---|---|--|
| YB Datuk Wan Ahmad Fauzi bin Hashim @ Wan Husain (<i>cont'd</i>) | <ul style="list-style-type: none"> VM Offshore Sdn Bhd (formerly known as Sepadan Maya Sdn Bhd) | Dormant |
| Dato' Ch'ng Toh Eng | <p><u>Present directorships</u></p> <ul style="list-style-type: none"> Port Klang Free Zone Sdn Bhd Teen's Galaxy Sdn Bhd Time Galaxy (M) Sdn Bhd | <p>Free zone / transhipment megahub operator</p> <p>Food and beverage business</p> <p>Business of dealing, buying, selling, wholesaling and retailing of all kinds of watches</p> |
| Chin Kim Chung | <p><u>Present directorships</u></p> <ul style="list-style-type: none"> Musyarakah One Capital Berhad Ruseil Bedford Malaysia Business Advisory Sdn Bhd Ruseil Bedford Malaysia JSG Sdn Bhd | <p>Special purpose vehicle for the purpose of acquiring receivables from TIME Systems Integrators Sdn Bhd</p> <p>Tax and business advisors and consultants</p> <p>Business advisor and consultants</p> |

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8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL (*Cont'd*)

8.2.4 Directors' Remuneration and Material Benefits-in-Kind

The current remunerations and proposed remunerations for services rendered/to be rendered by our Directors in all capacities to our Group for the FYE 30 June 2013 and the FYE 30 June 2014 are as follows:

| Director | Compensation Band (RM) | |
|---|------------------------|-------------------|
| | FYE 30 June 2013 | FYE 30 June 2014 |
| Tan Sri Dato' Hashim bin Meon | - | 50,001 – 100,000 |
| Tan Sri Dato' Lim Soon Peng | 400,001 - 450,000 | 650,001 – 700,000 |
| Lim Poh Yit | 450,001 – 500,000 | 600,001 – 650,000 |
| Lim Puay Fung | 400,001 – 450,000 | 550,001 – 600,000 |
| YB Datuk Wan Ahmad Fauzi bin Hashim @ Wan Husain | - | 1 – 50,000 |
| Dato' Ch'ng Toh Eng | - | 1 – 50,000 |
| Chin Kim Chung | - | 1 – 50,000 |

The above remunerations, which comprise salaries, incentives, bonuses, fees, allowances and other benefits-in-kind must be considered and recommended by the Remuneration Committee and subsequently approved by our Board. Our Directors' fees and incentives must be further approved or endorsed by our shareholders at a general meeting.

8.2.5 Directors' Term of Office

Our Directors were appointed to the Board and have served in their respective capacities as described in Section 8.2.1 of this Prospectus. Our Board comprises three (3) Executive Directors, three (3) Independent Non-Executive Directors and one (1) Non-Independent Non-Executive Director and their respective terms of office are as follows:

| Name | Designation | Expiration of Term of Office |
|--|--|------------------------------|
| Tan Sri Dato' Hashim bin Meon | Independent Non-Executive Chairman | ^ |
| Tan Sri Dato' Lim Soon Peng | Group Managing Director | ^ |
| Lim Poh Yit | Chief Operating Officer | ^ |
| Lim Puay Fung | Executive Director | ^ |
| YB Datuk Wan Ahmad Fauzi bin Hashim @ Wan Husain | Non-Independent Non-Executive Director | ^ |
| Dato' Ch'ng Toh Eng | Independent Non-Executive Director | ^ |
| Chin Kim Chung | Independent Non-Executive Director | ^ |

8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL (*Cont'd*)

Note:

^

In accordance with the Company's Articles of Association, all the Directors shall retire from office at the first Annual General Meeting of the Company, and at the Annual General Meeting in every subsequent year, one-third (1/3) of the Directors for the time being, or, if their number is not three (3) or a multiple of three (3), then the number nearest to one-third (1/3) with a minimum of one (1) shall retire from office and be eligible for re-election PROVIDED ALWAYS that an election of Directors shall take place each year and all Directors including the Managing Director shall retire from office at least once in every three (3) years but shall be eligible for re-election. A retiring Director shall retain office until the close of the meeting at which he retires and shall be eligible for re-election.

8.3 AUDIT, NOMINATION AND REMUNERATION COMMITTEES

8.3.1 Audit Committee

Our Audit Committee was established on 24 September 2012. Members of our Audit Committee are as follows:

| Name | Designation | Directorship |
|-------------------------------|-------------|------------------------------------|
| Chin Kim Chung | Chairman | Independent Non-Executive Director |
| Tan Sri Dato' Hashim bin Meon | Member | Independent Non-Executive Chairman |
| Dato' Ch'ng Toh Eng | Member | Independent Non-Executive Director |

The principal objective of the Audit Committee is to implement and support the oversight function of the Board. It provides a means for review of our Group's processes for producing financial data, its internal controls, corporate code of conduct, the independence of our Group's external auditors, and maintain an open line of communication and consultation between our Board, the internal auditors, the external auditors and our key management. Our Audit Committee performs, among others, the following functions:

- (i) Review with our external auditor the audit report and the corrective actions arising from external audit findings;
- (ii) Review our quarterly and annual financial statements before submission to our Board, focusing in particular on, amongst other, significant changes and adjustments in preparation and presentation of financial statements, material fluctuations with regard to position and result as reflected in the financial statements and compliance with accounting standards, regulatory and other legal requirements;
- (iii) Review matter concerning the suitability for appointment or reappointment of external auditors and matters relating to their resignation;
- (iv) Review any related party transactions entered into by our Group and any conflict of interest situations that may arise within our Group; and
- (v) Review with our internal auditor their evaluation of the system of internal controls, which include amongst others, the financial and operational controls as well as risk management framework.

8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL (*Cont'd*)

8.3.2 Nomination Committee

Our Nomination Committee was established on 24 September 2012. Members of our Nomination Committee are as follows:

| Name | Designation | Directorship |
|--|-------------|--|
| Tan Sri Dato' Hashim bin Meon | Chairman | Independent Non-Executive Chairman |
| YB Datuk Wan Ahmad Fauzi bin Hashim @ Wan Husain | Member | Non-Independent Non-Executive Director |
| Chin Kim Chung | Member | Independent Non-Executive Director |

Our Nomination Committee's terms of reference include, amongst others, the following:

- (i) Identify and recommend to our Board, candidates for directorships of our Company and Directors as members of the relevant Board committees;
- (ii) Evaluate the effectiveness of the Board and Board Committees (including its size and composition) and the contribution of each individual director including non-executive directors as well as the chief operating officer; and
- (iii) Review annually the required mix of skills and experience and other qualities of the Board, including the core competencies which directors should bring to the Board.

8.3.3 Remuneration Committee

Our Remuneration Committee was established on 24 September 2012. Members of our Remuneration Committee are as follows:

| Name | Designation | Directorship |
|-----------------------------|-------------|------------------------------------|
| Dato' Ch'ng Toh Eng | Chairman | Independent Non-Executive Director |
| Tan Sri Dato' Lim Soon Peng | Member | Group Managing Director |
| Chin Kim Chung | Member | Independent Non-Executive Director |

Our Remuneration Committee's terms of reference include amongst others the following:

- (i) Review and recommend the entire remuneration package for each of the Executive Directors and key management personnel to ensure the levels of remuneration be sufficiently attractive and be able to retain the Executive Directors and key management personnel needed to run our Group successfully;
- (ii) Ensure that a strong link is maintained between the level of remuneration and individual performance against agreed targets, the performance-related elements of remuneration forming a significant proportion of the total remuneration package of Executive Directors and key management personnel; and

8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL (*Cont'd*)

- (iii) Establish and recommend to the Board the remuneration structure and policy for Executive Directors and key management personnel; the terms of employment or contract of employment/service, any benefit, pension or incentive scheme entitlement; other bonuses, fees and expenses; any compensation payable on the termination of the service contract by the our Group and to review for changes to the policy, as necessary.

8.4 KEY MANAGEMENT PERSONNEL

8.4.1 Profile

Wong Chow Won, Malaysian, aged 54
Group Financial Controller

Wong Chow Won, aged 54, is our Financial Controller. She completed her Chartered Institute of Management Accountants ("CIMA") in 1993. In 1994, she was admitted as an Associate of CIMA and obtained her Malaysian Institute of Accountants membership in the same year. In 2004, she obtained a Diploma in Estate Agency from the Board of Valuers, Appraisers and Estate Agents Malaysia. Having been in the property industry for approximately 18 years, she has vast experience in finance, accounting and tax planning for development of residential townships, shopping malls and hotels. She is presently in-charge of the finance and accounting department of our Group.

She started her career in 1980 when she joined Preston Corporation Sdn Bhd as Accounts Clerk until 1983. She joined Joosan Machinery Sdn Bhd in 1983 to 1985 as a Senior Accounts Clerk and subsequently joined Lian Seng Properties Sdn Bhd, in the same position, until 1989. Prior to joining our Group, she worked in the finance and accounting department of IOI Corporation Berhad from 1989 to 1993. Thereafter, she joined Safety Development Corporation Sdn Bhd as the Head of Finance and Accounting Department until 2004. She joined NPO Development in 2004 as our Group Accountant. In 2009, she was promoted to her current position in our Group.

Her responsibilities include monitoring and reviewing accounts, tax planning, finance and cash flow planning, liaising with external auditors and advising on the financial matters of our Group.

Wong Chiew Meng, Malaysian, aged 37
General Manager of Property Development & Project

Wong Chiew Meng, aged 37, is our General Manager of Property Development & Project. He obtained a Diploma in Civil Engineering from Polytechnic Ungku Omar in 1998. In 2002, he graduated from Universiti Malaya with a Bachelor of Engineering (Civil) degree. Subsequently, he obtained his Master of Business Administration (International Business) from the University of East London in 2012. He is a registered graduate member of the Board of Engineers, Malaysia.

He started his career as a Draft Person with Boustead Estates Agency Sdn Bhd from 1998 until 1999. He then joined L&M Agencies Sdn Bhd in 1999 until 2001 as a Technical Executive. Prior to joining our Group, he was with VSL Engineers (M) Sdn Bhd as Project Engineer from 2001 until 2003. He joined Titijaya Construction Sdn Bhd in 2004 as an Assistant Project Manager and was promoted to the position of Project Manager in 2005. Subsequently, he joined CP Landmark Sdn Bhd in 2006 as the Project Manager. In 2007, he joined our Group as Senior Manager of Property Development & Project. Subsequently, he was promoted as our Group's General Manager of Property Development & Project in 2010, a position he held to date.

With approximately 14 years of experience in the construction and property development industry, he is experienced in development planning, project management, high-rise building construction and the procedures involved in property development.

8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL (*Cont'd*)

He is responsible for the planning and implementation of the development projects of our Group such as First Subang, One SOHO (formerly known as Subang SOHO), Subang Parkhomes, 3Elements and The Galleria.

Ng Che Chin, Malaysian, aged 37

Contracts Manager of Property Development & Project

Ng Che Chin, aged 37, is our Contracts Manager of Property Development & Project. She obtained her Certificate in Quantity Surveying and Diploma in Quantity in Surveying from Tunku Abdul Rahman College in 1997 and 2001 respectively. She graduated from Herriot Watt University with a Bachelor of Construction Management degree in 2005. Having been in the construction and property development industry for approximately 15 years, she has vast experience in handling the financial and contractual implications of projects from pre-tender to post-contract stages for all categories of development.

Prior to joining our Group, she was a Quantity Surveyor with a construction company, Pembinaan Mitrajaya Sdn Bhd from 1997 until 2004. In 2004, she joined our Group as a Quantity Surveyor and was promoted to Contracts Manager of Property Development & Project in 2007, a position she held to date.

She is responsible for the costing and contractual matters for the implementation of several of our Group's projects including Mutiara Point Business Park (Phase 1), Klang Sentral Commercial Centre, First Subang, One SOHO (formerly known as Subang SOHO), Subang Parkhomes and 3Elements.

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8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL (Cont'd)

8.4.2 Shareholdings

The shareholdings of our key management personnel before and after our IPO are as follows:

| Name | Designation | Nationality | Before IPO | | | After IPO | | |
|-----------------|---|-------------|--------------------------|------------|--------------------------|--------------------------|------------|--------------------------|
| | | | Direct | % held* | Indirect | Direct | % held# | Indirect |
| | | | No. of Shares held | | No. of Shares held | No. of Shares held | | No. of Shares held |
| Wong Chow Won | Group Financial Controller | Malaysian | - | - | - | 66,000^ | 0.02 | - |
| Wong Chiew Meng | General Manager of Property Development & Project | Malaysian | - | - | - | 45,000^ | 0.01 | - |
| Ng Chc Chin | Contracts Manager of Property Development & Project | Malaysian | - | - | - | 50,000^ | 0.01 | - |

Notes:

* Computed based on the enlarged paid up share capital of 258,295,000 Shares after the Acquisitions but before the IPO.

Computed based on the enlarged paid up share capital of 340,000,000 Shares after the Acquisitions and the IPO.

^ Assuming full subscription of his/her Pink Form Tranche allocation.

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8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL (*Cont'd*)

8.5 INVOLVEMENT OF EXECUTIVE DIRECTORS / KEY MANAGEMENT PERSONNEL IN OTHER BUSINESSES OR CORPORATIONS

As at the LPD and save as disclosed below, none of the Executive Directors and/or key management of our Group is involved in other businesses or corporations.

(a) **Tan Sri Dato' Lim Soon Peng**

| Name of Company/ Business | Position (Director / Shareholder) | Principal Activities of Company/ Nature of Business |
|---|--------------------------------------|--|
| Geeline Sdn Bhd | Shareholder | Dormant |
| Istilah Makmur Sdn Bhd | Shareholder | Dormant |
| Emerald Court Sdn Bhd | Shareholder | Not active |
| MIM Ventures Sdn Bhd | Shareholder | Dormant |
| Titijaya Development (KB) Sdn Bhd | Shareholder | Dormant |
| Indiana Rainforest Sdn Bhd | Shareholder | Dormant |
| Hor Fatt Holdings Sdn Bhd [^] | Shareholder | Dormant |
| S&F Corporation Sdn Bhd | Shareholder | Not active |
| Malaysian Chinese Women Entrepreneurs Foundation | Trustee | To transform Malaysia Chinese women to be independent and interdependent successful women entrepreneurs in Malaysia and the promotion and development of entrepreneurship, business development, inculcation of prudent financial practices and social-economic well-being amongst Malaysian Chinese women |
| TGSB | Director / Shareholder | Investment holding |

Note:

[^] *The company is in the process of being struck off.*

His involvement in the above companies does not require much of his time as he is not involved in the day-to-day operations of the above companies. His involvement in the above non-governmental organisations ("NGOs") does not require much of his time as he is not actively involved in the day-to-day activities and operations of the NGOs. As such, Tan Sri Dato' Lim Soon Peng spends a substantial portion of his working hours on the affairs of our Group.

8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL (Cont'd)

(b) Lim Poh Yit

| Name of Company/ Business | Position (Director / Shareholder) | Principal Activities of Company/ Nature of Business |
|------------------------------|--------------------------------------|--|
| TGSB | Director / Shareholder | Investment holding |
| Titijaya Asset Sdn Bhd | Director | Investment holding |
| T-Jaya Management Sdn Bhd | Director / Shareholder | Property management services |

His involvement in the above companies does not require much of his time. The above companies are managed by the respective management, as such, Lim Poh Yit spends a substantial portion of his working hours on the affairs of our Group.

(c) Lim Puay Fung

| Name of Company/ Business | Position (Director / Shareholder) | Principal Activities of Company/ Nature of Business |
|--|--------------------------------------|--|
| Canggih Kota Development Sdn Bhd [^] | Director / Shareholder | Investment holding |
| Everfine Profile Sdn Bhd [*] | Director / Shareholder | Investment in properties |
| Kamco Aluminium Engineering Sdn Bhd | Director / Shareholder | Dealing of aluminium products and provision of engineering services |
| Kamco Aluminium Sdn Bhd | Director / Shareholder | Manufacturing and trading of aluminium products |
| Kerja Jati Properties Sdn Bhd | Director | Budget hotel operator |
| Persada Puri Sdn Bhd [#] | Shareholder | Investment holding |
| TGSB | Director / Shareholder | Investment holding |
| T-Jaya Management Sdn Bhd | Director / Shareholder | Property management services |

Notes:

[^] The company is the land owner of E-Tiara Serviced Apartments, a completed project by our Group and the company does not have any other property. The land ownership is in the midst of being transferred to the respective end purchasers pending issuance of the individual strata titles.

^{*} The company is renting out a three (3) storey shop lot as a budget hotel in Shah Alam, Selangor Darul Ehsan.

[#] The company holds shares in Pristine Valley Sdn Bhd (100%) and Kerja Jati Sdn Bhd (49%). Pristine Valley Sdn Bhd holds shares in Indra Tropika Sdn Bhd (100%), which is principally involved in the renting out of its own building. Kerja Jati Sdn Bhd owns a property which is being used by Kerja Jati Properties Sdn Bhd as a budget hotel.

Her involvement in the above companies does not require much of her time as she is not actively involved in the activities and operations of these companies. As such, Lim Puay Fung spends a substantial portion of her working hours on the affairs of our Group.

8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL *(Cont'd)*

8.6 DECLARATIONS BY PROMOTERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL

Based on the declarations by our Promoters, Directors and key management personnel, none of our Promoters, Directors and key management personnel is or has been involved in any of the following events (whether in or outside Malaysia):

- (i) A petition under any bankruptcy or insolvency laws was filed (and not struck out) against such person or any partnership in which he was a partner or any corporation of which he was a director or key personnel;
- (ii) Disqualification from acting as a director of any corporation, or from taking part directly or indirectly in the managing of a corporation;
- (iii) Charged and/or convicted in a criminal proceeding or is a named subject of a pending criminal proceeding;
- (iv) Any judgement entered against such person involving a breach of any law or regulatory requirement that relates to the securities or futures industry; or
- (v) The subject of any order, judgment or ruling of any court, government or regulatory authority or body temporarily enjoining him from engaging in any type of business practice or activity.

8.7 FAMILY RELATIONSHIPS AND ASSOCIATIONS

Save as disclosed below, there are no family relationships (as defined under Section 122A of the Act) or associations amongst the Directors, Promoters, substantial shareholders and key management personnel of our Group:

| Name | Relationship/ Association |
|-----------------------------|---|
| Tan Sri Dato' Lim Soon Peng | Tan Sri Dato' Lim Soon Peng, our Promoter, substantial shareholder and Group Managing Director is the father of Lim Poh Yit, our Chief Operating Officer and Lim Puay Fung, our Executive Director who are also our Promoters and substantial shareholders. |
| Lim Poh Yit | Lim Poh Yit, our Promoter, substantial shareholder and Chief Operating Officer is the son of Tan Sri Dato' Lim Soon Peng, our Group Managing Director and brother of Lim Puay Fung, our Executive Director who are also our Promoters and substantial shareholders. |
| Lim Puay Fung | Lim Puay Fung, our Promoter, substantial shareholder and Executive Director is the daughter of Tan Sri Dato' Lim Soon Peng, our Group Managing Director and sister of Lim Poh Yit, our Chief Operating Officer who are also our Promoters and substantial shareholders. |

8.8 BENEFITS PAID OR INTENDED TO BE PAID

Save as disclosed in Section 8.2.4 and the dividend payments as disclosed in Section 13 of this Prospectus, there is no amount or benefit paid or intended to be paid or given to any of our Promoters, Directors or substantial shareholders within the two (2) years preceding the date of this Prospectus.

8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL *(Cont'd)*

8.9 AGREEMENTS WITH DIRECTORS AND KEY MANAGEMENT PERSONNEL

As at the LPD, there are no existing or proposed service agreements between the companies within our Group and our Directors, key management personnel, which are not terminable by notice without payment or compensation (other than statutory notice).

8.10 INFORMATION ON EMPLOYEES

8.10.1 Employment Structure

As at the LPD, we have a total workforce of 76 personnel including our Directors, all of which are permanent employees. The breakdown of our employees by category as at FYE 30 June 2009 to FYE 30 June 2013 as well as at the LPD is as follows:

| Category | Number of Employees | | | | | As at the LPD |
|---------------------------|---------------------|-----------|-----------|-----------|-----------|---------------|
| | 2009 | 2010 | 2011 | 2012 | 2013 | |
| Managerial* | 10 | 10 | 10 | 13 | 16 | 16 |
| Supervisory | 9 | 5 | 8 | 11 | 9 | 10 |
| Sales and marketing | 11 | 6 | 7 | 6 | 9 | 11 |
| Administrative / Clerical | 28 | 20 | 12 | 30 | 30 | 28 |
| Operations and support | 25 | 20 | 11 | 8 | 12 | 11 |
| Total | 83 | 61 | 48 | 68 | 76 | 76 |

Note:

* Our Executive Directors are included in the managerial category.

As at the LPD, we have no foreign employees and contract staff. As at the LPD, none of our employees are members of any labour union and as such, our Group does not have any industrial disputes with any labour union.

8.10.2 Training and Development

Our management believes that employees are key assets that play a pivotal role in our continuous growth and recognises the importance of retaining quality employee. Our Group continuously encourages the development and training of employees for the improvement of overall skill sets and professionalism for the enhancement of productivity. Our Group emphasizes on training and development as an essential process and encourages our employees to enhance their skills and knowledge through hands-on-training and attending external courses.

Towards this respect, our Group has enrolled the employees in various external courses, in tandem with their respective job functions and training needs, to equip them with the necessary skills and further develop their capabilities. Our Group believes in motivating our employees by providing opportunities for progressive career growth, and as such, provides these training opportunities for employees to enhance their work performance in order to assume wider job responsibilities. The following table lists out some of the training and development programmes attended by our employees over the last four (4) years.

8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL (*Cont'd*)

| Year | Programme | Facilitator/ Organiser |
|----------------|--|---|
| July 2013 | Documentation-ISO-9001:2008 Training | KC Lee- Novo Quality Services (M) Sdn Bhd |
| April 2013 | Key Performance Indicator Training | Pearl Luke Sdn Bhd |
| | QLASSIC Training | Canaan Building Inspection & Reetification Services |
| Deecember 2010 | Akta Keselamatan Sosial Pkerja | Pertubuhan Keselamatan Sosial, Malaysia |
| December 2010 | Firc Safety 2010 | Jabatan Bomba dan Keselamatan, Sclangor |
| November 2010 | Property Development Procedure & Approval of Majlis Perbandaran Kajang | Majlis Perbandaran Kajang |
| Oetober 2010 | Soil Erosion & Environment Impact Assessment | Jabatan Alam Sckitar Malaysia |
| Junc 2010 | Development on Hilly & Highland Area | Jabatan Perancangan Bandar dan Dcsa Sclangor & REHDA Selangor |
| June 2010 | Green Building Index | FIABCI (Malaysia Chapter) |

8.10.3 Management Succession Plan

Our Group's business is organised along functional lines where functional/department managers are responsible for the execution of their duties. Our Group practices management empowerment whereby functional/department managers are relatively autonomous and have significant decision making authority within their span of control and within clearly defined boundaries. As such, there is no over reliance on the Chief Operating Officer and executive directors to be involved in all the details and aspects of the operational and functional areas. This allows the Chief Operating Officer and executive directors to focus on strategic matters and on further developing the business for growth and success.

The management of our Group have in place a mentoring system whereby the management would identify successors and train them to take over the roles and responsibilities of the management when the needs arise.

The management recognise the need to ensure continuity in our management in order to maintain our competitive edge over our competitors. Our Board believes that the continued success of our Group depends, amongst others, on the support, dedication and commitment of our management personnel. Our Group has in place human resource strategies which, include, amongst others, attractive remuneration packages and further training activities and promotion opportunities. Our Group's initiatives on succession planning include:

- (a) Identifying key competencies and requirements for managers and higher positions. Job and candidates profiles are developed for management position in line with the business goals, strategies and culture of our Group; and
- (b) Taking a proactive approach towards addressing talent management to ensure the organisation has talents readily available from a capability perspective to undertake leadership positions throughout the organisation.

In addition, our middle management are constantly exposed to various aspects of our business activities in order to ensure that they have a full understanding of the responsibilities and the decision making process and are equipped with the knowledge necessary for them to succeed to senior management positions.

9. APPROVALS AND CONDITIONS

9.1 APPROVALS FROM RELEVANT AUTHORITIES

The SC had, via its letter dated 8 June 2012, approved an exemption sought by us from having to comply with the following paragraphs of the Prospectus Guidelines – Equity and Debt (now known as Prospectus Guidelines – Equity) (“Prospectus Guidelines”) in relation to the use of the audited financial statements of our subsidiary companies for the six (6)-month financial period ended 31 December 2011 for the purpose of submission of the draft registrable prospectus for public exposure after 30 June 2012.

| | Relevant Paragraph Under the Prospectus Guidelines for Which Waiver Was Sought | Details of the Waiver Granted | Status of compliance |
|----|---|---|--|
| 1. | Certain paragraphs of Chapters 8,11,12 and 13, in relation to the use of our subsidiaries’ latest audited financial statements for the six (6)-month financial period ended 31 December 2011 for the purpose of submission of the draft registrable prospectus. | <p>Waiver from fully complying with certain paragraphs in Chapter 8, 11, 12 and 13 is approved, subject to the following:</p> <p>(i) Submission of the prospectus for public exposure should not exceed nine (9) months from the most recent completed financial year for which audited financial statements have been prepared;</p> <p>(ii) The unaudited financial statements in respect of the FYE 30 June 2012, as well as the Management Discussion and Analysis in respect of the said unaudited financial statements, should be submitted together with the prospectus.</p> <p>(iii) The latest financial statements, which have been audited, and the updated prospectus should be submitted two (2) weeks prior to the confirmation of registration of the said prospectus by the SC; and</p> <p>(iv) Material deviations, if any, between the unaudited financial statements and the latest audited financial statements should be highlighted and clarified to the SC upon submission of the required information under paragraph (iii) above.</p> | <p>Complied. The draft registrable prospectus was submitted to the SC for public exposure on 28 September 2012.</p> <p>Complied.</p> <p>Complied.</p> <p>Complied.</p> |

The SC had, on 6 March 2013, approved the IPO under Section 214(I) of the CMSA and equity requirement for public companies.

9. APPROVALS AND CONDITIONS (Cont'd)

The conditions imposed by the SC for the approval are set out below:

| No. | Details on Conditions Imposed | Status of Compliance |
|------|--|----------------------|
| (i) | Titijaya to allocate at least 12.5% of its enlarged issued and paid-up share capital to Bumiputera public investors at the point of listing. This includes the Shares offered under the balloted public offer portion, of which 50% are to be offered to Bumiputera investors. In the event that Titijaya / MITI are unable to allocate the Shares to Bumiputera investors, the unsubscribed Shares shall be offered to Bumiputera public investors via balloting; and | To be complied. |
| (ii) | Alliance / Titijaya to fully comply with the relevant requirements under the SC's Equity Guidelines and Prospectus Guidelines pertaining to the implementation of the proposal | To be complied. |

The SC, via its letter dated 6 March 2013, also noted that the effective equity structure relating to Bumiputera, non-Bumiputera and foreign shareholdings in our Company would change arising from the Listing as follows:

| Category of shareholders | Before IPO % | After IPO* % |
|--------------------------|-----------------|-----------------|
| Bumiputera | - | 12.50 |
| Non-Bumiputera | 100.00 | 87.50 |
| Foreign | - | - |
| Total | 100.00 | 100.00 |

Note:

* Based on our enlarged issued and paid up share capital of 340,000,000 Shares after the IPO.

The SC has vide its letter dated 10 October 2013 approved our application for an extension of time for an additional six (6) months up to 5 March 2014 for the completion of our Listing.

Bursa Securities had on 24 July 2013 approved our admission to the Official List and the listing of and quotation for our entire enlarged issued and paid-up share capital of 340,000,000 Shares on the Main Market of Bursa Securities.

The approval from Bursa Securities is subject to the following conditions:

| No. | Details on Conditions Imposed | Status of Compliance |
|-----|---|----------------------|
| 1 | Make the relevant announcements pursuant to paragraphs 8.1 and 8.2 of Practice Note 21 of the Listing Requirements | To be complied. |
| 2 | Furnish Bursa Securities a copy of the schedule of distribution showing compliance to the share spread requirement based on the entire issued and paid-up share capital of Titijaya on the first day of Listing; and | To be complied. |
| 3 | Submission prior to Listing the following information in respect of the moratorium on the shareholdings of the Promoters to Bursa Securities and Bursa Depository: (i) Name of shareholders; (ii) Number of Shares; and (iii) Date of expiry of the moratorium of each block of Shares | To be complied. |

9. APPROVALS AND CONDITIONS (Cont'd)

Bursa Securities vide the same letter dated 24 July 2013 also resolved to approve the listing of the new Shares to be issued upon conversion of up to 100,000,000 unlisted RCPS subject to the following condition.

| Details on Conditions Imposed | Status of Compliance |
|--|----------------------|
| Titijaya to furnish to Bursa Securities on a quarterly basis a summary of the total number of new Shares arising from RCPS listed as at the end of each quarter together with a details of computation of listing fees payable | To be complied. |

In the event the new Shares to be issued pursuant to the exercise of RCPS will be listed and quoted as the existing securities of the same class, quotation of the new Shares will commence on the next market day after the following:

| No. | Details on Conditions Imposed | Status of Compliance |
|-----|--|----------------------|
| 1. | Submission of the share certificate together with a covering letter containing the summary of the corporate proposal to Bursa Depository before 10 a.m. on the market day prior to the listing date; | To be complied. |
| 2. | Receipt of confirmation from Bursa Depository that the additional new Shares are ready for crediting into the respective account holders; and | To be complied. |
| 3. | An announcement in accordance to paragraph 13.2 of Practice Note 28 of the Listing Requirements is submitted via <i>Bursa Link</i> before 3 p.m. on the market day prior to the listing date. | To be complied. |

In the event the new Shares to be issued pursuant to the exercise of RCPS will be separately quoted from the existing securities, i.e. "A" shares, the listing and quotation of the new ordinary shares will take place two (2) market days upon the receipt of an application for quotation by Bursa Securities as specified under Part C of Annexure Practice Note 28-B of the Listing Requirements.

Titijaya is also required to ensure full compliance of all the requirements as provided under the Listing Requirements at all times.

MITI has via its letter dated 22 October 2012 taken note of and has no objection to our Listing on the Main Market of Bursa Securities, subject to our Company obtaining the approvals of Bursa Securities and the SC.

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9. APPROVALS AND CONDITIONS (Cont'd)**9.2 MORATORIUM ON SALE OF SHARES**

In compliance with the Equity Guidelines of the SC, Shares held by our Promoters at the date of our Listing are required to be placed under moratorium. Moratorium shall be imposed as follows:

| Promoter | Shares held under moratorium for the first six (6) months upon Listing | | RCPS held under moratorium for the first six (6) months upon Listing | |
|-----------------------------|---|----------------|---|----------------|
| | No. of Shares held | % held* | No. of Shares held | % held* |
| TGSB | 208,795,000 | 61.41 | 100,000,000 | 100.00 |
| Tan Sri Dato' Lim Soon Peng | 280,000^ | 0.08 | - | - |
| Lim Poh Yit | 355,000^ | 0.10 | - | - |
| Lim Puay Fung | 245,000^ | 0.07 | - | - |
| Total | 209,675,000 | 61.66 | 100,000,000 | 100.00 |

Notes:

^ Assuming full subscription of his/her Pink Form Tranche allocation.

* Based on our enlarged issued and paid-up share capital after our IPO.

Our Promoters have accepted the moratorium and they will not be permitted to sell, transfer or assign any part of their interests in the Shares and RCPS under moratorium held as at the date of Listing for a six (6) month period beginning from the date of our Listing.

Our Promoters will also not be permitted to sell, transfer or assign any part of its interest in any new Shares issued, during the six (6) month period beginning from the date of our Listing, arising from the conversion of the RCPS into new Shares, from the date of issuance of such new Shares until the expiry of the six (6) month period beginning from the date of our Listing.

The ultimate shareholders of TGSB namely Tan Sri Dato' Lim Soon Peng, Lim Poh Yit and Lim Puay Fung will also not be permitted to sell, transfer or assign or instruct the sale, transfer or assignment of their equity interests in TGSB for a six (6) month period beginning from the date of our Listing.

The restriction, which is fully acknowledged by our Promoters, is specifically endorsed on the notice of allotment and our share certificates representing their shareholdings which are under moratorium to ensure that our Share Registrar will not register any transfer and sale that are not in compliance with the aforesaid restriction imposed.

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10. RELATED PARTY TRANSACTIONS AND CONFLICTS OF INTEREST

10.1 EXISTING AND PROPOSED RELATED PARTY TRANSACTIONS

Save as disclosed below, our Board confirms that there are no existing or presently proposed material related-party transactions or other subsisting contracts of arrangement entered into by our Group which involved the interest, direct or indirect, of the Directors, major shareholders of our Company and/or persons connected to them for the past five (5) FYE 30 June 2009 to FYE 30 June 2013 and the forecast for FYE 30 June 2014:

| Related party | Interested Promoter/Director/ Major Shareholder | Nature of Relationship | Nature of Transaction | FYE 30 June | | | | | Forecast 2014 RM'000 | |
|--|---|--|---|----------------|----------------|---------------------------|----------------|----------------|----------------------------|--|
| | | | | 2009 RM'000 | 2010 RM'000 | Audited 2011 RM'000 | 2012 RM'000 | 2013 RM'000 | | |
| Related party transaction between NPO Development and related party | | | | | | | | | | |
| Titijaya Asset Sdn Bhd | • TGSB | Titijaya Asset Sdn Bhd is a wholly owned subsidiary company of TGSB. Tan Sri Dato' Lim Soon Peng, Lim Poh Yit and Lim Puay Fung are the directors and substantial shareholders of TGSB. Lim Poh Yit and Puan Sri Datin Chan Lian Yen ⁽¹⁾ are the directors of Titijaya Asset Sdn Bhd. | Sales of development properties, i.e. First Subang retail podium | 37,923 | 11,328 | - | - | - | - | |
| | • Tan Sri Dato' Lim Soon Peng | | | | | | | | | |
| | • Lim Poh Yit | | | | | | | | | |
| | • Lim Puay Fung | | | | | | | | | |
| NPO Trading Sdn Bhd | • TGSB | NPO Trading Sdn Bhd is a wholly owned subsidiary company of TGSB. Tan Sri Dato' Lim Soon Peng, Lim Poh Yit and Lim Puay Fung are the directors and substantial shareholders of TGSB. Puan Sri Datin Chan Lian Yen ⁽¹⁾ , is the director of NPO Trading Sdn Bhd | Purchase of building materials, mainly piling piles. | 88 | 19 | 6 | 1,407 | 130 | - | |
| | • Tan Sri Dato' Lim Soon Peng | | | | | | | | | |
| | • Lim Poh Yit | | | | | | | | | |
| | • Lim Puay Fung | | | | | | | | | |
| TGSB | • Tan Sri Dato' Lim Soon Peng • Lim Poh Yit • Lim Puay Fung | TGSB is our Group's Promoter and substantial shareholder. Tan Sri Dato' Lim Soon Peng, Lim Poh Yit and Lim Puay Fung are the directors and substantial shareholders of TGSB | Proceeds from disposal of subsidiaries companies, namely: • Amakmur Development Sdn Bhd; • NPO Asset Sdn Bhd; | - | - | 3,209 | - | - | - | |

10. RELATED PARTY TRANSACTIONS AND CONFLICTS OF INTEREST (Cont'd)

| Related party | Interested Promoter/Director/ Major Shareholder | Nature of Relationship | Nature of Transaction | FYE 30 June | | | | | Forecast | |
|-----------------------------|--|---|--|-------------|--------|---------|--------|--------|----------|--|
| | | | | 2009 | 2010 | Audited | 2012 | 2013 | 2014 | |
| | | | | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | |
| TGSB | • Tan Sri Dato' Lim Soon Peng | TGSB is our Group's Promoter and substantial shareholder. Tan Sri Dato' Lim Soon Peng, Lim Poh Yit and Lim Puay Fung are the directors and substantial shareholders of TGSB | <ul style="list-style-type: none"> • NPO Trading Sdn Bhd; and • NPO Management Sdn Bhd. | - | - | 1,000 | - | - | - | |
| | • Lim Poh Yit | | | | | | | | | |
| | • Lim Puay Fung | | | | | | | | | |
| Indra Tropika Sdn Bhd | • Lim Puay Fung | Lim Puay Fung is our Group's Promoter and substantial shareholder. She is the shareholder of Persada Puri Sdn Bhd. Persada Puri Sdn Bhd holds 100% equity interest in Pristine Valley Sdn Bhd, which in turn holds 100% equity interest in Indra Tropika Sdn Bhd. | Rental payment. As at LPD, our Group has moved its office to First Subang. In this regard, the tenancy agreement is no longer effective. | - | 120 | 120 | 40 | - | - | |
| | | | | | | | | | | |
| Tan Sri Dato' Lim Soon Peng | • TGSB | Tan Sri Dato' Lim Soon Peng is our Group's Promoter, substantial shareholder and Director. TGSB is our Group's Promoter and substantial shareholder. Tan Sri Dato' Lim Soon Peng, Lim Poh Yit and Lim Puay Fung are the directors and substantial shareholders of TGSB. | Sale of completed units within the First Subang property development. Tan Sri Dato' Lim Soon Peng purchased the units for his personal investment. | - | - | - | 518 | - | - | |
| | • Tan Sri Dato' Lim Soon Peng | | | | | | | | | |
| | • Lim Poh Yit | | | | | | | | | |
| | • Lim Puay Fung | | | | | | | | | |

10. RELATED PARTY TRANSACTIONS AND CONFLICTS OF INTEREST (Cont'd)

| Related party | Interested Promoter/Director/ Major Shareholder | Nature of Relationship | Nature of Transaction | FYE 30 June | | | | | Forecast | |
|---|--|---|---|----------------|----------------|---------------------------|----------------|----------------|----------------|---|
| | | | | 2009 RM'000 | 2010 RM'000 | Audited 2011 RM'000 | 2012 RM'000 | 2013 RM'000 | 2014 RM'000 | |
| Related party transaction between Sendi Bangga and related party | | | | | | | | | | |
| NPO Trading Sdn Bhd | <ul style="list-style-type: none">TGSBTan Sri Dato' Lim Soon PengLim Poh YitLim Puay Fung | NPO Trading Sdn Bhd is a wholly owned subsidiary company of TGSB. Tan Sri Dato' Lim Soon Peng, Lim Poh Yit and Lim Puay Fung are the directors and substantial shareholders of TGSB. Puan Sri Datin Chan Lian Yen ⁽¹⁾ is the director of NPO Trading Sdn Bhd | Purchase of building materials, mainly piling piles. | 1,003 | - | 1,738 | 2,582 | 61 | - | - |
| Tan Sri Dato' Lim Soon Peng | <ul style="list-style-type: none">TGSBTan Sri Dato' Lim Soon PengLim Poh YitLim Puay Fung | Tan Sri Dato' Lim Soon Peng is our Group's Promoter, substantial shareholder and Director. TGSB is our Group's Promoter and substantial shareholder. Tan Sri Dato' Lim Soon Peng, Lim Poh Yit and Lim Puay Fung are the directors and substantial shareholders of TGSB. | Sales of One SOHO (formerly known as Subang SOHO) units. Tan Sri Dato' Lim Soon Peng purchased the units for his personal investment. | - | - | - | 4,323 | - | - | - |
| Related party transaction between Safetags and related party | | | | | | | | | | |
| NPO Trading Sdn Bhd | <ul style="list-style-type: none">TGSBTan Sri Dato' Lim Soon PengLim Poh YitLim Puay Fung | NPO Trading Sdn Bhd is a wholly owned subsidiary of TGSB. Tan Sri Dato' Lim Soon Peng, Lim Poh Yit and Lim Puay Fung are the directors and substantial shareholders of TGSB. Puan Sri Datin Chan Lian Yen ⁽¹⁾ is the director of NPO Trading Sdn Bhd | Purchase of building materials, mainly piling piles. | - | - | - | 640 | 25 | - | - |

10. RELATED PARTY TRANSACTIONS AND CONFLICTS OF INTEREST (Cont'd)

| Related party | Interested Promoter/Director/ Major Shareholder | Nature of Relationship | Nature of Transaction | FYE 30 June | | | | | Forecast 2014 RM'000 |
|--|--|--|--|----------------|----------------|---------------------------|----------------|----------------|----------------------------|
| | | | | 2009 RM'000 | 2010 RM'000 | Audited 2011 RM'000 | 2012 RM'000 | 2013 RM'000 | |
| Related party transaction between NPO Land and related party | | | | | | | | | |
| TGSB | <ul style="list-style-type: none">Tan Sri Dato' Lim Soon PengLim Poh YitLim Puay Fung | TGSB is our Group's Promoter and substantial shareholder. Tan Sri Dato' Lim Soon Peng, Lim Poh Yit and Lim Puay Fung are the directors and substantial shareholders of TGSB | Sale of subsidiary company, namely NPO Realty Sdn Bhd | - | - | 100 | - | - | - |
| Related party transaction between Pin Hwa and related party | | | | | | | | | |
| Titijaya Asset Sdn Bhd | <ul style="list-style-type: none">TGSBTan Sri Dato' Lim Soon PengLim Poh YitLim Puay Fung | Titijaya Asset Sdn Bhd is a wholly owned subsidiary of TGSB. Tan Sri Dato' Lim Soon Peng, Lim Poh Yit and Lim Puay Fung are the directors and substantial shareholders of TGSB. Lim Poh Yit and Puan Sri Datin Chan Lian Yen ⁽¹⁾ are the directors of Titijaya Asset Sdn Bhd. | Sale of investment property | - | - | 5,489 | - | - | - |
| Related party transaction between Terbit Kelana and related party | | | | | | | | | |
| Titijaya Asset Sdn Bhd | <ul style="list-style-type: none">TGSBTan Sri Dato' Lim Soon PengLim Poh YitLim Puay Fung | Titijaya Asset Sdn Bhd is a wholly owned subsidiary of TGSB. Tan Sri Dato' Lim Soon Peng, Lim Poh Yit and Lim Puay Fung are the directors and substantial shareholders of TGSB. Lim Poh Yit and Puan Sri Datin Chan Lian Yen ⁽¹⁾ are the directors of Titijaya Asset Sdn Bhd. | Sale of investment property. The property is designated for use as a petrol station. | - | - | - | 4,299 | - | - |

10. RELATED PARTY TRANSACTIONS AND CONFLICTS OF INTEREST (*Cont'd*)

Note:

(1) *Puan Sri Datin Chan Lian Yen is the spouse of Tan Sri Dato' Lim Soon Peng and parent of Lim Poh Yit and Lim Puay Fung.*

All the related party transactions disclosed above would not give rise to any conflict of interest situation and were transacted based on terms which are not unfavourable to our Group.

Our Directors are of the view that the above related party transactions were conducted on an arm's length basis and are carried out on commercial terms not more favourable to the related parties than those generally available to third party and were not to our detriment and to the detriment of our minority shareholders. Upon Listing, our Directors, through our Audit Committee, will continue to ensure that any related party transactions (recurrent inclusive, if any) are carried out on an arm's length basis and are not prejudicial to our Group nor on terms more favourable to the related parties than those normally agreed with other customers or suppliers and are also not to our detriment and to the detriment of our minority shareholders.

Our Directors and substantial shareholders confirm that there are no other transactions that may give rise to conflict of interest situations between our Group and any of our Directors, substantial shareholders, key management and key technical personnel and/or persons connected with them.

Subject to the provision of the Listing Requirements, our Company may seek shareholders' mandate in respect of the related party transactions involving recurrent transactions of revenue or trading nature which are necessary for our Group's day-to-day operations. Transactions that do not fall within the ambit of the shareholders' mandate shall be subject to the relevant provision of the Listing Requirements.

10.2 NON-RECURRENT RELATED PARTY TRANSACTIONS

Save as disclosed in Section 10.1 of this Prospectus, there are no existing or potential non-recurrent material related party transactions for the past five (5) FYE 30 June 2009 to FYE 30 June 2013 that we have entered into in respect of which rights and obligations are subsisting and/or proposed as at the date of this Prospectus.

Our Audit Committee will monitor and supervise the terms of related party transactions and our Directors will report related party transactions, if any, annually in our annual report.

10.3 TRANSACTIONS THAT ARE UNUSUAL IN NATURE OR CONDITIONS

There are no transactions that are unusual in nature or conditions, involving goods, services, tangible or intangible assets, to which our Group was a party to during the past five (5) FYE 30 June 2009 to FYE 30 June 2013. Our Directors and substantial shareholders are also not aware of any transaction that is unusual in nature or condition, involving goods, services, tangible or intangible assets, to which our Group was a party.

10. RELATED PARTY TRANSACTIONS AND CONFLICTS OF INTEREST (Cont'd)

10.4 CONFLICTS OF INTERESTS

10.4.1 INTEREST IN SIMILAR BUSINESSES

Save as disclosed below, as at the LPD, none of the Directors or substantial shareholders of our Company are interested, directly or indirectly in any business carrying on a similar or competing trade with our Group:

| Name of Company | Nature of Business | Affected Person | Position (Director / Shareholder) | Direct | | Indirect | | Mitigating factor |
|-----------------------------|--|-----------------------------|-----------------------------------|--------------------|--------|--------------------------|--------|---|
| | | | | No. of shares held | % held | No. of shares held | % held | |
| Amakmur Development Sdn Bhd | Property investment / Investment holding | TGSB | Shareholder | 1,200,000 | 100.00 | - | - | Amakmur Development Sdn Bhd completed its property development project in FYE 30 June 2010 and will not be involved in property development projects moving forward. The company is presently an investment holding company. |
| | | Tan Sri Dato' Lim Soon Peng | - | - | - | 1,200,000 ⁽¹⁾ | 100.00 | |
| | | Lim Poh Yit | - | - | - | 1,200,000 ⁽¹⁾ | 100.00 | |
| | | Lim Puay Fung | - | - | - | 1,200,000 ⁽¹⁾ | 100.00 | Due to Tan Sri Dato' Lim Soon Peng, Lim Poh Yit and Lim Puay Fung's interest in TGSB and our Group which may result in potential conflict of interest, we have taken the necessary steps to mitigate the potential conflict of interest by obtaining a letter of irrevocable undertaking from TGSB to undertake, amongst others, the following: |
| | | | | | | | | (i) TGSB Group shall not engage, participate, compete (whether directly or indirectly) with Titijaya Group in similar principal activities, including existing and future business activities of Titijaya Group; |
| | | | | | | | | (ii) TGSB Group shall not bid or tender for any projects which are of similar principal activities with Titijaya Group either directly or indirectly, including existing and future |

I0. RELATED PARTY TRANSACTIONS AND CONFLICTS OF INTEREST (Cont'd)

| Name of Company | Nature of Business | Affected Person | Position (Director / Shareholder) | Direct | | Indirect | | Mitigating factor |
|--------------------------|--|-------------------------------|-----------------------------------|--------------------|--------|--------------------|--------|---|
| | | | | No. of shares held | % held | No. of shares held | % held | |
| | | | | | | | | businesses, through any of the companies under TGSB Group; and (iii) TGSB Group shall not enter into similar principal activities with any third party which will be in direct competition with the principal activities of Titijaya Group; and (iv) TGSB will not in future acquire or purchase any land for the purposes of undertaking any property development project In addition, our Group has also procured a similar letter of irrevocable undertaking directly from Tan Sri Dato' Lim Soon Peng, Lim Poh Yit and Lim Puay Fung. As such, our Board is of the view that our Group has put in place the necessary arrangements and procedures which would mitigate the potential conflict of interest situation vis-a-vis Tan Sri Dato' Lim Soon Peng, Lim Poh Yit and Lim Puay Fung being a Director and controlling shareholder of both our Company and TGSB. |
| MESB Development Sdn Bhd | Property investment / Property development | Tan Sri Dato' Hashim bin Meon | Director | - | - | - | - | As at the LPD, the company has submitted a proposal for development to the land owner for their consideration. The land is located within the vicinity of Kuala Lumpur City Centre with a land area of approximately three (3) acres. |

10. RELATED PARTY TRANSACTIONS AND CONFLICTS OF INTEREST (Cont'd)

| Name of Company | Nature of Business | Affected Person | Position (Director / Shareholder) | Direct | | Indirect | | Mitigating factor |
|---------------------------|--------------------|--|-----------------------------------|--------------------|--------|--------------------|--------|---|
| | | | | No. of shares held | % held | No. of shares held | % held | |
| | | | | | | | | <p>In addition, the company has submitted a proposal to develop a piece of government land located in Penang. Our Group has also submitted a proposal to develop the same piece of land.</p> <p>As at the LPD, both proposals are still being considered by the relevant authorities and the final award of these proposals are still pending.</p> <p>In addition, Tan Sri Dato' Hashim bin Meon will abstain from any deliberation and voting in relation to the proposals submitted for the proposed development in Penang, in the event the proposal is awarded to either MESB Development Sdn Bhd or to our Group.</p> <p>MESB Development Sdn Bhd is a wholly owned subsidiary of MESB Berhad which is listed on Bursa Securities, and Tan Sri Dato' Hashim bin Meon is neither a director nor a shareholder in MESB Berhad.</p> <p>Based on the above, our Board is of the view that Tan Sri Dato' Hashim bin Meon's involvement in MESB Development Sdn Bhd will not give rise to a conflict of interest with our Group.</p> |
| Senada Properties Sdn Bhd | Investment holding | YB Datuk Wan Ahmad Fauzi bin Hashim @ Wan Husain | Director | - | - | - | - | <p>As at the LPD, the company is in the midst of negotiating with the Terengganu State Government to construct a jetty in return for a piece of land, which may be further developed by Senada Properties Sdn Bhd. However, the final terms and condition are</p> |

10. RELATED PARTY TRANSACTIONS AND CONFLICTS OF INTEREST (Cont'd)

| Name of Company | Nature of Business | Affected Person | Position (Director / Shareholder) | Direct | | Indirect | | Mitigating factor |
|----------------------------------|--------------------------|-----------------|-----------------------------------|--------------------|--------|--------------------|--------|---|
| | | | | No. of shares held | % held | No. of shares held | % held | |
| | | | | | | | | still subject to negotiation, thus as at LPD, the size and location of the land is still not determinable. As the negotiation is with the Terengganu State Government, any piece of land which will be granted to Senada Properties Sdn Bhd is expected to be within the state of Terengganu and would not be in competition with our Group's current principal market. |
| | | | | | | | | Based on the above, our Board is of the view that YB Datuk Wan Ahmad Fauzi bin Hashim @ Wan Husain's involvement in Senada Properties Sdn Bhd will not give rise to a conflict of interest with our Group. |
| Canggih Kota Development Sdn Bhd | Investment holding | Lim Puay Fung | Director/ Shareholder | 1 | * | - | - | Canggih Kota Development Sdn Bhd is the land owner of E-Tiara Serviced Apartments, a completed project by our Group and the company does not have any other property. The land ownership is in the midst of being transferred to the respective end purchasers pending issuance of the individual strata titles. |
| | | | | | | | | Based on the above, our Board is of the view that Lim Puay Fung's involvement in Canggih Kota Development Sdn Bhd will not give rise to a conflict of interest with our Group. |
| Everfine Profile Sdn Bhd | Investment in properties | Lim Puay Fung | Director / Shareholder | 280,000 | 70.00 | - | - | Everfine Profile Sdn Bhd is renting its property as a budget hotel in Shah Alam, Selangor Darul Ehsan. The company is not involved in property development and/or investment in land bank. |

10. RELATED PARTY TRANSACTIONS AND CONFLICTS OF INTEREST (Cont'd)

| Name of Company | Nature of Business | Affected Person | Position (Director / Shareholder) | Direct | | Indirect | | Mitigating factor |
|----------------------|--------------------|-----------------|-----------------------------------|--------------------|--------|--------------------|--------|--|
| | | | | No. of shares held | % held | No. of shares held | % held | |
| Persada Puri Sdn Bhd | Investment holding | Lim Puay Fung | Shareholder | 69,820 | 69.82 | - | - | Based on the above, our Board is of the view that Lim Puay Fung's involvement in Everfine Profile Sdn Bhd will not give rise to a conflict of interest with our Group. |
| | | | | | | | | Persada Puri Sdn Bhd invests in shares in certain companies such as Pristine Valley Sdn Bhd (100%) and Kerja Jati Sdn Bhd (49%) |
| | | | | | | | | Pristine Valley Sdn Bhd holds shares in Indra Tropika Sdn Bhd (100%) which is principally involved in renting out its own building. |
| | | | | | | | | Kerja Jati Sdn Bhd owns a property which is being used by Kerja Jati Properties Sdn Bhd as a budget hotel. Lim Puay Fung is a director of Kerja Jati Properties Sdn Bhd. |
| | | | | | | | | Based on the above, our Board is of the view that Lim Puay Fung's involvement in Persada Puri Sdn Bhd will not give rise to a conflict of interest with our Group. |

Notes:

(1) Deemed interest by virtue of his/her shareholding in TGSB pursuant to Section 6A of the Act.

* Negligible

10. RELATED PARTY TRANSACTIONS AND CONFLICTS OF INTEREST (Cont'd)**10.4.2 INTEREST IN OTHER BUSINESSES OR CORPORATIONS WHICH ARE CUSTOMERS OR SUPPLIERS OF OUR GROUP**

Save as disclosed below, as at the LPD, none of the Directors or substantial shareholders of our Company are interested, directly or indirectly in any business or corporations which are the customers or supplier of our Group:

| Name of Company | Nature of Business | Affected Person | Position (Director / Shareholder) | Direct | | Indirect | | Mitigating factor |
|---------------------|------------------------------|----------------------------------|-----------------------------------|--------------------|--------|--------------------------|--------|--|
| | | | | No. of shares held | % held | No. of shares held | % held | |
| NPO Trading Sdn Bhd | Trading of building material | TGSB Tan Sri Dato' Lim Soon Peng | Shareholder | 1,000,000 | 100.00 | - | - | NPO Trading Sdn Bhd has been supplying certain building materials mainly piling piles to our Group. Further details are set out in Section 10.1 of this Prospectus. |
| | | Lim Poh Yit | - | - | - | 1,000,000 ⁽¹⁾ | 100.00 | Our Group has requested quotations from third party contractors and compared against quotations from NPO Trading Sdn Bhd for the same raw materials specifications. It is noted that the raw materials as supplied by NPO Trading Sdn Bhd are relatively competitively priced, as NPO Trading Sdn Bhd was able to achieve cost effectiveness and better bargaining position with the suppliers of raw materials. |
| | | Lim Puay Fung | - | - | - | 1,000,000 ⁽¹⁾ | 100.00 | |

Note:

(1) Deemed interest by virtue of his/her shareholding in TGSB pursuant to Section 6A of the Act.

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10. RELATED PARTY TRANSACTIONS AND CONFLICTS OF INTEREST (Cont'd)**10.5 LOANS MADE BY OUR GROUP TO OR FOR THE BENEFIT OF RELATED PARTIES**

Save as disclosed below, there are no outstanding loans, including guarantees of any kind, made by our Group to or for the benefit of related parties during the five (5) FYE 30 June 2009 to FYE 30 June 2013 and as at the LPD.

Advances to related parties

| Company | Amount due from | Nature of the transaction | Audited | | | | | Unaudited Up to the LPD |
|-----------------|---|---------------------------|---------|--------|-----------------------|--------|--------|-------------------------|
| | | | 2009 | 2010 | FYE30 June 2011 | 2012 | 2013 | |
| | | | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| NPO Development | TGSB | Advances | 746 | 849 | 57,479 ⁽⁸⁾ | - | - | - |
| | Amakmur Development Sdn Bhd ⁽¹⁾ | Advances | 1,291 | 10,236 | - | - | - | - |
| | NPO Asset Sdn Bhd ⁽¹⁾ | Advances | ^ | ^ | - | - | - | - |
| | NPO Prima Properties Sdn Bhd ⁽²⁾ | Advances | 2 | 3 | - | - | - | - |
| | NPO Realty Sdn Bhd ⁽²⁾ | Advances | 2,304 | 2,306 | - | - | - | - |
| | NPO Trading Sdn Bhd ⁽¹⁾ | Advances | 6,371 | 2,814 | - | - | - | - |
| | NPO Builders Sdn Bhd ⁽³⁾ | Advances | 2,821 | 3,032 | - | - | - | - |
| | Titijaya Asset Sdn Bhd ⁽⁴⁾ | Advances | 13,846 | 10,734 | - | - | - | - |
| | | | | | | | | |
| Sendi Bangsa | NPO Trading Sdn Bhd ⁽¹⁾ | Advances | 1,172 | 1,172 | - | - | - | - |
| | NPO Builders Sdn Bhd ⁽²⁾ | Advances | 91 | 91 | - | - | - | - |
| | Amakmur Development Sdn Bhd ⁽¹⁾ | Advances | 639 | 2,642 | - | - | - | - |
| | Titijaya Asset Sdn Bhd ⁽⁴⁾ | Advances | - | 138 | - | - | - | - |
| NPO Land | TGSB | Advances | 3,589 | 7,411 | - | - | - | - |
| | NPO Realty Sdn Bhd ⁽²⁾ | Advances | 7,883 | 7,883 | - | - | - | - |

10. RELATED PARTY TRANSACTIONS AND CONFLICTS OF INTEREST (Cont'd)

| Company | Amount due from | Nature of the transaction | Audited | | | | Unaudited | |
|----------------------|---|---------------------------|---------|--------|----------------------|--------|-----------|---------------|
| | | | 2009 | 2010 | FYE30 June 2011 | 2012 | 2013 | Up to the LPD |
| | | | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| NPO Land (cont'd) | Titijaya Asset Sdn Bhd ⁽⁴⁾ | Advances | 10 | 129 | - | - | - | - |
| | NPO Trading Sdn Bhd ⁽¹⁾ | Advances | 393 | - | - | - | - | - |
| | Amakmur Development Sdn Bhd ⁽¹⁾ | Advances | 1,860 | 2,610 | - | - | - | - |
| | | | | | | | | |
| Pin Hwa | Titijaya Asset Sdn Bhd ⁽⁴⁾ | Advances | 998 | 1,297 | 5,488 ⁽⁹⁾ | - | - | - |
| | Amakmur Development Sdn Bhd ⁽¹⁾ | Advances | - | - | - | 100 | - | - |
| Terbit Kelana | Puan Sri Datin Chan Lian Yen | Advances | 500 | 575 | 575 | - | - | - |
| | Lim Puay Fung | Advances | 500 | 709 | 709 | - | - | - |
| | Lim Poh Yit | Advances | - | 176 | 176 | - | - | - |
| | Logic Marine Sdn Bhd ⁽⁵⁾ | Advances | - | - | 30 | - | - | - |
| | Sri Komakmur Development Sdn Bhd ⁽⁶⁾ | Advances | - | - | 470 | - | - | - |
| | Renofajar Sdn Bhd ⁽⁷⁾ | Advances | - | - | 606 | - | - | - |
| | TGSB | Advances | - | - | 4,307 | - | - | - |

Notes:

RM148.

- (1) Subsidiary companies of NPO Development. These companies ceased to be the subsidiary companies of NPO Development following the completion of the disposal of these subsidiaries to TGSB during the FYE 30 June 2011.
- (2) Subsidiary companies of NPO Land, which are also the indirect subsidiary companies of NPO Development. These companies ceased to be the subsidiary companies of NPO Development following the completion of the disposal of these subsidiaries to TGSB during the FYE 30 June 2011.
- (3) Associated company of NPO Development and ceased to be the associated company of NPO Development following the completion of the disposal of this company to TGSB during the FYE 30 June 2011.
- (4) Titijaya Asset Sdn Bhd is a wholly-owned subsidiary company of TGSB. Tan Sri Dato' Lim Soon Peng, Lim Poh Yit and Lim Puay Fung are the directors and substantial shareholders of TGSB.
- (5) Lim Poh Yit and Puan Sri Datin Chan Lian Yen, are the directors of Titijaya Asset Sdn Bhd.
- (6) A company in which a person connected to Tan Sri Dato' Lim Soon Peng, Lim Poh Yit and Lim Puay Fung has interest.

10. RELATED PARTY TRANSACTIONS AND CONFLICTS OF INTEREST (Cont'd)

- (6) *An associated company of TGSB Sri Komakmur Development Sdn Bhd ceased to be an associated company of TGSB following the completion of the disposal of Sri Komakmur Development Sdn Bhd to a third party during FYE 30 June 2012.*
- (7) *A wholly-owned subsidiary company of Sri Komakmur Development Sdn Bhd, which was an associated company of TGSB. Sri Komakmur Development Sdn Bhd ceased to be an associated company of TGSB following the completion of the disposal of Sri Komakmur Development Sdn Bhd to a third party during FYE 30 June 2012.*
- (8) *The amount due from TGSB was fully settled during FYE 30 June 2012 which was offset against the dividend payments by NPO Development.*
- (9) *Represents proceeds receivable from disposal of land to Titijaya Asset Sdn Bhd.*

These advances were not made on arms-length basis as they were interest-free, unsecured and there were no fixed term of repayment. As at FYE 30 June 2013, these advances have been recovered by our Group and moving forward, our Group will not be providing any more advances to the related parties.

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10. RELATED PARTY TRANSACTIONS AND CONFLICTS OF INTEREST (Cont'd)**Corporate Guarantee**

| Company | Borrower | Audited | | | | | Unaudited Up to the LPD |
|--|-----------------------------|---------|--------|---------------------|--------|--------|-------------------------------|
| | | 2009 | 2010 | FYE 30 June 2011 | 2012 | 2013 | |
| | | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| Short term: | | - | - | - | - | - | - |
| Long term: | | | | | | | |
| Corporate Guarantee dated 19 November 2008 by NPO Development ⁽¹⁾ | Titijaya Asset Sdn Bhd | 32,532 | 32,532 | 32,532 | 32,532 | 32,532 | - |
| Corporate Guarantee dated 4 August 2009 by NPO Development | Titijaya Asset Sdn Bhd | - | 32,000 | 32,000 | 32,000 | - | - |
| Corporate Guarantee dated 9 April 2012 by NPO Development ⁽¹⁾ | Titijaya Asset Sdn Bhd | - | - | - | 17,000 | 17,000 | - |
| Corporate Guarantee dated 25 October 2005 by NPO Development ⁽²⁾ | NPO Trading Sdn Bhd | 6,400 | 6,400 | 6,400 | 6,400 | 6,400 | - |
| Corporate Guarantee dated 18 August 2010 by NPO Development ⁽³⁾ | Amakmur Development Sdn Bhd | - | - | 12,000 | 12,000 | - | - |

Notes:

(1) The corporate guarantee as security for the purchase of the respective investment properties.

(2) The corporate guarantee as security for the purchase of the building materials.

(3) The corporate guarantee as security for banking facility obtained by Amakmur Development Sdn Bhd.

NPO Development has been discharged from the liabilities for all the above corporate guarantees as at the LPD.

10.6 DECLARATION BY EXPERTS

Save as disclosed below, Alliance is not aware of any situation or potential situation that will give rise to a conflict or potential conflict of interest in Alliance's capacity to act as the Principal Adviser, Underwriter and Joint Placement Agent for our Listing.

Titijaya has several credit facilities totaling RM68.00 million, of which approximately RM8.75 million is outstanding as at the LPD, from Alliance Bank Malaysia Berhad ("ABMB"), the holding company of Alliance, which was provided by ABMB in the ordinary course of its banking business. In addition, we intend to utilise RM5.00 million (representing approximately 4.08%) of the IPO proceeds, to partly repay the amount owing to ABMB.

Notwithstanding the above, Alliance is of the opinion that the financial relationship with Titijaya as mentioned above will not give rise to a conflict of interest situation for Alliance to act as the Principal Adviser, Underwriter and Joint Placement Agent to Titijaya Group for our Listing. The exposure of ABMB to Titijaya of approximately RM68.00 million is not material as it only represents approximately 1.92% of ABMB's shareholders funds of RM3.54 billion as at 31 March 2013. Furthermore, the extension of such credit facilities by ABMB is in the ordinary course of its banking business.

10. RELATED PARTY TRANSACTIONS AND CONFLICTS OF INTEREST (*Cont'd*)

Accordingly Alliance confirms that there is no existing or potential conflict of interests in their capacity as the Principal Adviser, Underwriter and Joint Placement Agent for our Listing.

RHBIB confirms that there is no existing or potential conflict of interest in their capacity as the Joint Placement Agent for our Listing.

KIBB confirms that there is no existing or potential conflict of interest in their capacity as the Joint Placement Agent for our Listing.

Baker Tilly Monteiro Heng confirms that there is no existing or potential conflict of interest in their capacity as the Reporting Accountants and Auditors for our Listing.

Azman Davidson & Co confirms that there is no existing or potential conflict of interest in their capacity as the Solicitors for our Listing.

PA International Property Consultants (KL) Sdn Bhd confirms that there is no existing or potential conflict of interest in their capacity as the Independent Market Researcher for our Listing.

C H Williams Talhar & Wong Sdn Bhd confirms that there is no existing or potential conflict of interest in their capacity as the Independent Property Valuer for our Listing.

Rahim & Co Chartered Surveyors Sdn Bhd confirms that there is no existing or potential conflict of interest in their capacity as the Independent Property Valuer for our Listing.

VPC Alliance (PJ) Sdn Bhd confirms that there is no existing or potential conflict of interest in their capacity as the Independent Property Valuer for our Listing.

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11. PROFORMA HISTORICAL FINANCIAL INFORMATION

Our proforma consolidated financial information as illustrated below has been compiled based on the accounting principles and bases consistent with those adopted by our Group which are set out in the notes and assumptions included in the Reporting Accountants' Report on the Compilation of Proforma Consolidated Financial Information Included in a Prospectus as set out in Section 11.4 of this Prospectus. The financial statements used in the preparation of our proforma consolidated financial information were prepared in accordance with Financial Reporting Standards in Malaysia. Any adjustments that were dealt with when preparing our proforma consolidated financial information have been highlighted and disclosed in Section 11.4 of this Prospectus. There has been no audit qualification on our audited financial statements for the past five (5) FYE 30 June 2009 to FYE 30 June 2013.

11.1 PROFORMA CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

The following table sets out our proforma consolidated statements of comprehensive income for the five (5) FYE 30 June 2009 to FYE 30 June 2013 which have been prepared for illustrative purposes only based on the assumption that our current Group structure has been in existence throughout the financial years under review.

You should read the summary of the proforma consolidated statements of comprehensive income presented below together with the management's discussion and analysis of financial condition and results of operations as set out in Section 12 of this Prospectus, the Reporting Accountants' Report on the Compilation of Proforma Consolidated Financial Information Included in a Prospectus as set out in Section 11.4 of this Prospectus and the Accountants' Report as set out in Section 13 of this Prospectus.

| | Proforma | | | | |
|--|-------------|----------|----------|----------|-----------|
| | Audited | | | | |
| | FYE 30 June | | | | |
| | 2009 | 2010 | 2011 | 2012 | 2013 |
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| Revenue | 151,112 | 101,831 | 137,182 | 118,252 | 193,766 |
| Cost of sales | (126,290) | (72,445) | (93,500) | (71,650) | (100,391) |
| Gross profit | 24,822 | 29,386 | 43,682 | 46,602 | 93,375 |
| Other income | 2,088 | 16,312 | 3,686 | 13,364 | 2,032 |
| Selling and distribution expenses | (3,064) | (2,229) | (3,206) | (7,395) | (10,714) |
| Administrative expenses | (4,006) | (3,998) | (4,626) | (6,137) | (7,922) |
| Other expenses | (1,344) | (1,940) | (5,393) | (2,581) | (4,433) |
| Operating profit | 18,496 | 37,531 | 34,143 | 43,853 | 72,338 |
| Finance costs | (483) | (4,725) | (3,554) | (632) | (1,306) |
| PBT | 18,013 | 32,806 | 30,589 | 43,221 | 71,032 |
| Taxation | (4,600) | (5,610) | (8,065) | (9,081) | (18,836) |
| PAT | 13,413 | 27,196 | 22,524 | 34,140 | 52,196 |
| EBITDA | 18,159 | 33,907 | 33,907 | 43,469 | 71,518 |
| Effective tax rate (%) | 25.54 | 17.10 | 26.37 | 21.01 | 26.52 |
| GP margin (%) | 16.43 | 28.86 | 31.84 | 39.41 | 48.19 |
| PBT margin (%) | 11.92 | 32.22 | 22.30 | 36.55 | 36.66 |
| PAT margin (%) | 8.88 | 26.71 | 16.42 | 28.87 | 26.94 |
| Number of ordinary shares of RM0.50 each assumed to be in issue ('000) * | 258,295 | 258,295 | 258,295 | 258,295 | 258,295 |
| Gross EPS (RM) ** | 0.07 | 0.13 | 0.12 | 0.17 | 0.28 |
| Net EPS (RM) *** | 0.05 | 0.11 | 0.09 | 0.13 | 0.20 |
| Diluted EPS (RM)@ | 0.05 | 0.09 | 0.08 | 0.12 | 0.18 |

11. PROFORMA HISTORICAL FINANCIAL INFORMATION (Cont'd)**Notes:**

- * Based on the number of Shares in issue after the Acquisitions but before our Public Issue.
- ** The gross EPS is computed based on the consolidated PBT divided by the number of Shares in issue after the Acquisitions but before our Public Issue.
- *** The net EPS is computed based on the consolidated PAT divided by the number of Shares in issue after the Acquisitions but before our Public Issue.
- @ The diluted EPS is computed based on the consolidated PAT divided by the number of Shares in issue after the Acquisition but before our public issue and assume the full conversion of the RCPS.

11.2 PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

Our proforma consolidated statements of financial position have been prepared for illustrative purpose only based on our audited consolidated statement of financial position as at 30 June 2013 and have been prepared on the assumption that the Listing had been effected as at that date.

We advise you to read the proforma consolidated statements of financial position presented below together with the notes and assumptions included in the Reporting Accountants' Report on the Compilation of Proforma Consolidated Financial Information Included in a Prospectus as set out in Section II.4 of this Prospectus.

| | Audited Consolidated Statement of Financial Position as at 30 June 2013 RM'000 | Proforma I After the Acquisition of Titijaya PMC, Acquisition of Prosperous Hectares and Completion of the Acquisition of Epoch Property Land RM'000 | Proforma II After Proforma I and the Public Issue RM'000 | Proforma III After Proforma II and the Utilisation of Proceeds RM'000 | Proforma IV After Proforma III and Assuming Full Conversion of the RCPS RM'000 |
|--|--|---|---|---|--|
| ASSETS | | | | | |
| Non-current Assets | | | | | |
| Property, plant and equipment | 4,327 | 4,327 | 4,327 | 4,327 | 4,327 |
| Investment properties | 76,506 | 76,506 | 76,506 | 76,506 | 76,506 |
| Land held for property development | 165,145 | 286,678 | 286,678 | 316,678 | 316,678 |
| Other investments | 5 | 5 | 5 | 5 | 5 |
| Goodwill on consolidation | 1,596 | 1,601 | 1,601 | 1,601 | 1,601 |
| Total Non-current Assets | 247,579 | 369,117 | 369,117 | 399,117 | 399,117 |
| Current Assets | | | | | |
| Property development costs | 158,708 | 158,708 | 158,708 | 158,708 | 158,708 |
| Inventories | 14,146 | 14,146 | 14,146 | 14,146 | 14,146 |
| Trade and other receivables | 61,903 | 32,309 | 32,309 | 32,309 | 32,309 |
| Accrued billings in respect of property development costs | 78,807 | 78,807 | 78,807 | 78,807 | 78,807 |
| Tax recoverable | 2,589 | 2,589 | 2,589 | 2,589 | 2,589 |
| Fixed deposits with licensed banks | 3,698 | 3,698 | 3,698 | 3,698 | 3,698 |
| Cash and bank balances | 26,435 | 17,596 | 140,154 | 67,054 | 67,054 |
| Total Current Assets | 346,286 | 307,853 | 430,411 | 357,311 | 357,311 |
| Total Assets | 593,865 | 676,970 | 799,528 | 756,428 | 756,428 |
| EQUITY AND LIABILITIES | | | | | |
| Equity Attributable to Owners of Titijaya | | | | | |
| Share capital | 129,148 | 129,148 | 170,000 | 170,000 | 186,667 |
| Share premium | - | - | 81,706 | 79,256 | 112,589 |
| RCPS – equity component | 12,388 | 12,388 | 12,388 | 12,388 | - |
| Reserve arising from reverse acquisition | (47,426) | (47,426) | (47,426) | (47,426) | (47,426) |
| Retained earnings | 107,013 | 107,013 | 107,013 | 105,663 | 105,663 |
| Total Equity | 201,123 | 201,123 | 323,681 | 319,881 | 357,493 |

11. PROFORMA HISTORICAL FINANCIAL INFORMATION (Cont'd)

| | Audited Consolidated Statement of Financial Position as at 30 June 2013 RM'000 | Proforma I After the Acquisition of Titijaya PMC, Acquisition of Prosperous Hectares and Completion of the Acquisition of Epoch Property Land RM'000 | Proforma II After Proforma I and the Public Issue RM'000 | Proforma III After Proforma II and the Utilisation of Proceeds RM'000 | Proforma IV After Proforma III and Assuming Full Conversion of the RCPS RM'000 |
|--|--|---|---|---|--|
| Non-current Liabilities | | | | | |
| Hire purchase payables | 313 | 313 | 313 | 313 | 313 |
| Bank borrowings | 43,915 | 127,015 | 127,015 | 127,015 | 127,015 |
| RCPS – liability component | 33,483 | 33,483 | 33,483 | 33,483 | - |
| Deferred tax | 39,499 | 39,499 | 39,499 | 39,499 | 35,370 |
| Total Non-current Liabilities | 117,210 | 200,310 | 200,310 | 200,310 | 162,698 |
| Current Liabilities | | | | | |
| Trade and other payables | 150,818 | 150,823 | 150,823 | 126,523 | 126,523 |
| Progress billings in respect of property development costs | 89,460 | 89,460 | 89,460 | 89,460 | 89,460 |
| Hire purchase payables | 158 | 158 | 158 | 158 | 158 |
| Bank borrowings | 29,339 | 29,339 | 29,339 | 14,339 | 14,339 |
| Current tax payable | 5,757 | 5,757 | 5,757 | 5,757 | 5,757 |
| Total Current Liabilities | 275,532 | 275,537 | 275,537 | 236,237 | 236,237 |
| Total Liabilities | 392,742 | 475,847 | 475,847 | 436,547 | 398,935 |
| Total Equity and Liabilities | 593,865 | 676,970 | 799,528 | 756,428 | 756,428 |
| Number of ordinary shares assumed to be in issue of RM0.50 each ('000) | 258,295 | 258,295 | 340,000 | 340,000 | 373,333 |
| NA per ordinary share (RM) | 0.78 | 0.78 | 0.95 | 0.94 | 0.96 |
| NTA per ordinary share (RM) | 0.77 | 0.77 | 0.95 | 0.94 | 0.95 |

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11. PROFORMA HISTORICAL FINANCIAL INFORMATION (Cont'd)**11.3 PROFORMA CONSOLIDATED STATEMENTS OF CASH FLOWS**

Our proforma consolidated statements of cash flows for FYE 30 June 2013 as set out below have been prepared for illustrative purposes only, based on our audited consolidated financial statements for FYE 30 June 2013, and on the assumption that our Group's current structure had been in existence since 1 July 2012.

We advise you to read the proforma consolidated statements of cash flows presented below together with the notes and assumptions included in the Reporting Accountants' Report on the Compilation of Proforma Consolidated Financial Information Included in a Prospectus as set out in Section 11.4 of this Prospectus.

| | Audited⁽¹⁾ FYE 30 June 2013 RM'000 | Adjusted⁽²⁾ FYE 30 June 2013 RM'000 |
|---|--|---|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| PBT | 71,032 | 71,027 [^] |
| Adjustments for: | | |
| Depreciation | 363 | 363 |
| Development expenditure written off | 25 | 25 |
| Dividend income | * | * |
| Interest expense | 1,306 | 1,306 |
| Interest income | (381) | (381) |
| Interest income from compulsory acquisition of land | (847) | (847) |
| Waiver of interest income | 45 | 45 |
| OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES | 71,543 | 71,538 |
| Changes in working capital: | | |
| Decrease in inventories | 1,825 | 1,825 |
| Increase in trade and other receivables | (82,771) | (82,771) |
| Increase in trade and other payables | 49,003 | 49,008 |
| Increase in property development costs | (15,130) | (15,130) |
| NET CASH GENERATED FROM OPERATIONS | 24,470 | 24,470 |
| Tax refund | 348 | 348 |
| Interests paid | (366) | (366) |
| Interests received | 381 | 381 |
| Income tax paid | (17,139) | (17,139) |
| NET OPERATING CASH FLOWS | 7,694 | 7,694 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Dividend received | # | # |
| Interest received for compensation on compulsory acquisition of land | 847 | 847 |
| Deposits paid for the acquisition of land held for property development | (11,364) | - |
| Land held for property development costs incurred | (3,459) | (106,762) |
| Purchase of property, plant and equipment | (51) | (51) |
| NET INVESTING CASH FLOWS | (14,027) | (105,966) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Fixed deposits pledged as security values | (593) | (593) |
| Interests paid | (5,750) | (5,750) |
| Net change in amount due from/to related parties | 26,579 | 26,579 |
| Drawdown of borrowings | 16,880 | 99,980 |
| Repayment of borrowings | (29,610) | (29,610) |
| Repayment of hire purchase payables | (150) | (150) |
| NET FINANCING CASH FLOWS | 7,356 | 90,456 |
| NET CHANGE IN CASH AND CASH EQUIVALENTS | 1,023 | (7,816) |
| CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR | 11,023 | 11,023 |
| CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR | 12,046 | 3,207 |

11. PROFORMA HISTORICAL FINANCIAL INFORMATION (Cont'd)

Notes:

- (1) *Before taking into account the Acquisition of Titijaya PMC, Acquisition of Prosperous Hectares, Completion of the Acquisition of Epoch Property Land, proceeds from the Public Issue and the utilisation of such proceeds.*
- (2) *After taking into account the Acquisition of Titijaya PMC, Acquisition of Prosperous Hectares, and Completion of the Acquisition of Epoch Property Land but before the proceeds from the Public Issue and the utilisation of such proceeds.*
- ^ *After adjusting for the unaudited loss before taxation of Titijaya PMC and Prosperous Hectares for the financial period ended 30 June 2013 amounting to approximately RM2,300 each.*
- * *(RM142).*
- # *RM122.*

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11. PROFORMA HISTORICAL FINANCIAL INFORMATION (Cont'd)

11.4 REPORTING ACCOUNTANTS' REPORT ON THE COMPILATION OF PROFORMA CONSOLIDATED FINANCIAL INFORMATION INCLUDED IN A PROSPECTUS

10 OCT 2013

The Board of Directors
Titijaya Land Berhad
Suite 11-1A, Level 11
Menara Weld
76, Jalan Raja Chulan
50200 Kuala Lumpur

Dear Sirs,



BAKER TILLY

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STRICTLY CONFIDENTIAL

TITIJAYA LAND BERHAD ("Titijaya" or "the Company")
Reporting Accountants' Report on the Compilation of Proforma Consolidated Financial Information Included in a Prospectus

We have completed our assurance engagement to report on the compilation of proforma consolidated financial information for which the directors of Titijaya are solely responsible. The proforma consolidated financial information of Titijaya and its subsidiary companies ("Titijaya Group") consists of the proforma consolidated statements of financial position as at 30 June 2013, the proforma consolidated statement of cash flows for the financial year ended 30 June 2013 and the proforma consolidated statements of comprehensive income for the five (5) financial years ended 30 June 2009 ("FYE 2009"), 30 June 2010 ("FYE 2010"), 30 June 2011 ("FYE 2011"), 30 June 2012 ("FYE 2012") and 30 June 2013 ("FYE 2013") together with the accompanying notes thereon, as set out in the accompanying statements, for which we have stamped for the purpose of identification. The applicable criteria on the basis of which the directors of Titijaya have compiled the proforma consolidated financial information are as described in Note 3 to the proforma consolidated financial information and in accordance with the requirements of the *Prospectus Guidelines – Equity* issued by the Securities Commission Malaysia ("Prospectus Guidelines") ("Applicable Criteria").

The proforma consolidated financial information of the Titijaya Group has been compiled by the directors of Titijaya, for illustrative purposes only, for inclusion in the prospectus of Titijaya ("Prospectus") in connection with the listing of and quotation for the entire enlarged issued and paid-up share capital of Titijaya on the Main Market of Bursa Malaysia Securities Berhad ("the Listing"), after making certain assumptions and such adjustments to show the effects on:-

- (a) the financial results of the Titijaya Group for the past five (5) FYE 2009, FYE 2010, FYE 2011, FYE 2012 and FYE 2013 on the basis that the group structure as of the date of this report had been in existence since the beginning of the financial years under review adjusted for the transactions as described in Note 3.7 but before the Public Issue as described in Note 2.1 of the proforma consolidated financial information;
- (b) the financial positions of the Titijaya Group as at 30 June 2013 together with the accompanying notes and adjusted for the transactions as described in Note 3.7 but before the Public Issue as described in Note 2.1 of the proforma consolidated financial information;

11. PROFORMA HISTORICAL FINANCIAL INFORMATION (Cont'd)



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TITIJAYA LAND BERHAD**Reporting Accountants' Report on the Compilation of Proforma Consolidated Financial Information Included in a Prospectus**

- (c) the cash flows of the Titijaya Group for the FYE 2013 on the basis that the group structure as of the date of this report had been in existence throughout the FYE 2013 adjusted for the transactions as described in Note 3.7 but before the Public Issue as described in Notes 2.1 of the proforma consolidated financial information; and
- (d) the financial position of the Titijaya Group as at 30 June 2013 and adjusted for the transactions as described in Note 3.7, the Public Issue and the utilisation of listing proceeds as described in Notes 2.1 and 7.2.3 of the proforma consolidated financial information respectively.

As part of this process, information about the Titijaya Group's financial position, financial performance and cash flows have been extracted by the directors of Titijaya from the following audited financial statements of the Company and its subsidiary companies:-

| Company Name | FYE 2009 | FYE 2010 | FYE 2011 | FYE 2012 | FYE 2013 |
|--|-----------------------------|-----------------------------|-----------------------------|-----------------------------|---|
| Titijaya | Not applicable [*] | Not applicable [*] | Not applicable [*] | Not applicable [*] | Financial period from 9 July 2012 (date of incorporation) to 30 June 2013 |
| NPO Development Sdn Bhd ("NPO Development") | FYE 2009 | FYE 2010 | FYE 2011 | FYE 2012 | FYE 2013 |
| NPO Land Sdn Bhd ("NPO Land") [§] | FYE 2009* | FYE 2010 | FYE 2011 | FYE 2012 | FYE 2013 |
| Sendi Bangga Development Sdn Bhd ("Sendi Bangga") [§] | FYE 2009 | FYE 2010 | FYE 2011 | FYE 2012 | FYE 2013 |
| Shah Alam City Centre Sdn Bhd ("SACC") | FYE 2009* | FYE 2010* | FYE 2011 | FYE 2012 | FYE 2013 |
| Safetags Solution Sdn Bhd ("Safetags") | FYE 2009* | FYE 2010* | FYE 2011 | FYE 2012 | FYE 2013 |

11. PROFORMA HISTORICAL FINANCIAL INFORMATION (Cont'd)



BAKER TILLY

TITIJAYA LAND BERHAD

Reporting Accountants' Report on the Compilation of Proforma Consolidated Financial Information Included in a Prospectus

| Company Name | FYE 2009 | FYE 2010 | FYE 2011 | FYE 2012 | FYE 2013 |
|---|-----------------------------|-----------------------------|--|---|---|
| Aman Kemensah Sdn Bhd ("Aman Kemensah") | FYE 2009* | FYE 2010* | FYE 2011 | FYE 2012 | FYE 2013 |
| Liberty Park Development Sdn Bhd ("Liberty Park") | Not applicable [‡] | Not applicable [‡] | Financial period from 1 March 2011 (date of incorporation) to 30 June 2011 | FYE 2012 | FYE 2013 |
| City Meridian Sdn Bhd ("City Meridian") | Not applicable [‡] | Not applicable [‡] | Financial period from 1 March 2011 (date of incorporation) to 30 June 2011 | FYE 2012 | FYE 2013 |
| Terbit Kelana Development Sdn Bhd ("Terbit Kelana") | FYE 2009* | FYE 2010* | FYE 2011* | FYE 2012 | FYE 2013 |
| Pin Hwa Properties Sdn Bhd ("Pin Hwa") | FYE 2009* | FYE 2010* | FYE 2011* | FYE 2012 | FYE 2013 |
| Epoch Property Sdn Bhd ("Epoch Property") | Not applicable [‡] | Not applicable [‡] | Not applicable [‡] | Financial period from 2 August 2011 (date of incorporation) to 31 December 2012 ^{+√} | Financial period from 1 January 2013 to 30 June 2013 ⁺ |
| Prosperous Hectares Sdn Bhd ("Prosperous Hectares") | Not applicable [‡] | Not applicable [‡] | Not applicable [‡] | Not applicable [‡] | Not applicable [^] |

11. PROFORMA HISTORICAL FINANCIAL INFORMATION (Cont'd)

**TITIJAYA LAND BERHAD****Reporting Accountants' Report on the Compilation of Proforma Consolidated Financial Information Included in a Prospectus**

| Company Name | FYE 2009 | FYE 2010 | FYE 2011 | FYE 2012 | FYE 2013 |
|---|-----------------------------|-----------------------------|-----------------------------|-----------------------------|------------------------------|
| Titijaya PMC Sdn Bhd (formerly known as Platinum Project Management Sdn Bhd) ("Titijaya PMC") | Not applicable [*] | Not applicable [*] | Not applicable [*] | Not applicable [*] | Not applicable ^{^^} |

[^] No audited financial statements were available as Prosperous Hectares was only incorporated on 15 February 2013

^{^^} No audited financial statements were available as Titijaya PMC was only incorporated on 23 May 2013.

^{\$} Wholly-owned subsidiary companies of NPO Development.

^{*} Audited by another firm of Chartered Accountants other than Messrs. Baker Tilly Monteiro Heng. Messrs. Baker Tilly Monteiro Heng had been appointed by Titijaya to conduct a review on the audited financial statements of NPO Land for the FYE 2009, SACC, Safetags and Aman Kemensah for the FYE 2009 and FYE 2010, Terbit Kelana and Pin Hwa for the FYE 2009, FYE 2010 and FYE 2011, prepared by the directors in compliance with the Financial Reporting Standards in Malaysia in connection with the Listing. There were no material impact arising from the adoption of the Financial Reporting Standards by these companies during the financial years under review.

^{*} Not applicable as these companies have yet to be incorporated.

⁺ Audited by another firm of Chartered Accountants other than Messrs. Baker Tilly Monteiro Heng. The said auditors had been appointed by Titijaya to conduct a review on the audited financial statements of Epoch Property for the financial period from 2 August 2011 (date of incorporation) to 31 December 2012 prepared by the directors in compliance with the Financial Reporting Standards in Malaysia in connection with the Listing. There were no material impact arising from the adoption of the Financial Reporting Standards by Epoch Property for the said the financial period under review.

[√] Despite the audited financial statements of Epoch Property for the financial period from 2 August 2011 (date of incorporation) to 31 December 2012 being prepared with different financial year end with the other companies within the Titijaya Group, i.e. 31 December, these audited financial statements has been used for the preparation of the proforma consolidated statements of comprehensive income for FYE 2012 based on the basis as disclosed in Note 4.2.3 to the proforma consolidated financial information.

11. PROFORMA HISTORICAL FINANCIAL INFORMATION (Cont'd)**BAKER TILLY****TITIJAYA LAND BERHAD****Reporting Accountants' Report on the Compilation of Proforma Consolidated Financial Information Included in a Prospectus**

The audited financial statements of its subsidiary companies for the financial years under review were reported by the auditors to their respective members without any modifications. However, the audited financial statements of the following subsidiary companies contain the following emphasis of matter paragraphs:-

Safetags**FYE 2009***"Emphasis of Matter*

Without qualifying our opinion, we draw attention to Note 5 to the financial statements, the Company has a capital deficiency of RM5,270 as at 30 June 2009 as a result of accumulated losses incurred. However, the financial statements of the Company have been prepared on the basis of accounting principles applicable to a going concern. This basis presumes that cash will be available to finance future operations and that realisation of assets and settlement of liabilities will occur in the ordinary course of business. The financial statements do not include any adjustment that might be necessary should the Company be unable to continue as a going concern."

FYE 2010*"Emphasis of Matter*

Without qualifying our opinion, we draw attention to Note 7 to the financial statements, the Company has a capital deficiency of RM8,536 as at 30 June 2010 as a result of accumulated losses incurred. However, the financial statements of the Company have been prepared on the basis of accounting principles applicable to a going concern. This basis presumes that cash will be available to finance future operations and that realisation of assets and settlement of liabilities will occur in the ordinary course of business. The financial statements do not include any adjustment that might be necessary should the Company be unable to continue as a going concern."

Epoch Property**Financial period from 2 August 2011 (date of incorporation) to 31 December 2012***"Emphasis of Matter*

Without qualifying our opinion, we draw your attention to Note 2 to the financial statements concerning the availability of financial support from its creditors and directors to ensure that the Company continues as going concern in the foreseeable future."

Directors' Responsibility for the Proforma Consolidated Financial Information

The directors of Titijaya are responsible for compiling the proforma consolidated financial information based on the Applicable Criteria.

11. PROFORMA HISTORICAL FINANCIAL INFORMATION (Cont'd)



BAKER TILLY

TITIJAYA LAND BERHAD**Reporting Accountants' Report on the Compilation of Proforma Consolidated Financial Information Included in a Prospectus****Reporting Accountants' Responsibilities**

Our responsibility is to express an opinion, as required by the Prospectus Guidelines about whether the proforma consolidated financial information has been compiled, in all material respects, by the directors of Titijaya based on the Applicable Criteria.

We conducted our engagement in accordance with *International Standard on Assurance Engagements (ISAE) 3420, Assurance Engagements to Report on the Compilation of Proforma Financial Information Included in a Prospectus*, issued by the International Auditing and Assurance Standards Board. This standard requires that the reporting accountant comply with ethical requirements and plan and perform procedures to obtain reasonable assurance about whether the directors of Titijaya have compiled, in all material respects, the proforma consolidated financial information based on the Applicable Criteria.

For the purpose of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the proforma consolidated financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the proforma consolidated financial information.

The purpose of the proforma consolidated financial information included in a prospectus is solely to illustrate the impact of the Listing as described in Note 2 of the proforma consolidated financial information on the unadjusted financial information of the Titijaya Group as if the Listing had been undertaken at an earlier date selected for illustrative purposes only. Accordingly, we do not provide any assurance that the actual outcome of the Listing would have been as presented.

A reasonable assurance engagement to report on whether the proforma consolidated financial information has been compiled, in all material respects, based on the Applicable Criteria involves performing procedures to assess whether the Applicable Criteria used by the directors of Titijaya in the compilation of the proforma consolidated financial information of the Titijaya Group provide a reasonable basis for presenting the significant effects directly attributable to the Listing as described in Note 2 of the proforma consolidated financial information, and to obtain sufficient appropriate evidence about whether:-

- (a) The proforma consolidated financial information of the Titijaya Group has been properly prepared on the basis and assumptions set out in the accompanying notes to the proforma consolidated financial information, based on the audited financial statements of the Company and its subsidiary companies for the five (5) FYE 2009, FYE 2010, FYE 2011, FYE 2012 and FYE 2013 which have been prepared in accordance with the Financial Reporting Standards in Malaysia and in a manner consistent with both the format of the financial statements and the accounting policies of the Titijaya Group; and
- (b) Each material adjustment made to the information used in the preparation of the proforma consolidated financial information is appropriate for the purpose of preparing the proforma consolidated financial information.

11. PROFORMA HISTORICAL FINANCIAL INFORMATION (Cont'd)



BAKER TILLY

TITIJAYA LAND BERHAD

Reporting Accountants' Report on the Compilation of Proforma Consolidated Financial Information Included in a Prospectus

The procedures selected depend on the reporting accountants' judgement, having regard to the reporting accountants' understanding of the nature of the Company, the Listing in respect of which the proforma consolidated financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the proforma consolidated financial information.

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

Our opinion


In our opinion:-

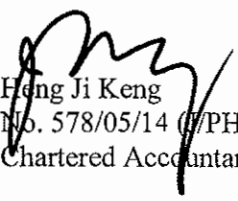
- (a) The proforma consolidated financial information of the Titijaya Group has been properly prepared on the basis and assumptions set out in the accompanying notes to the proforma consolidated financial information, based on the audited financial statements of the Company and its subsidiary companies which have been prepared in accordance with the Financial Reporting Standards in Malaysia for the five (5) FYE 2009, FYE 2010, FYE 2011, FYE 2012 and FYE 2013, and in a manner consistent with both the format of the financial statements and the accounting policies adopted by Titijaya in the preparation of its audited consolidated financial statements for the FYE 2013; and
- (b) Each material adjustment made to the information used in the preparation of the proforma consolidated financial information of the Titijaya Group is appropriate for the purpose of preparing the proforma consolidated financial information.

Other matters

This report has been prepared for inclusion in the Prospectus of Titijaya in connection with the Listing. As such, this report should not be used, circulated, quoted or otherwise referred to in any document or used for any other purpose without our prior written consent. Neither the firm nor any member or employee of the firm undertakes responsibility arising in any way whatsoever to any party in respect of this report contrary to the aforesaid purpose.

Yours faithfully,


Baker Tilly Monteiro Heng
No. AF 0117
Chartered Accountants


Heng Ji Keng
No. 578/05/14 (T/PH)
Chartered Accountant

11. PROFORMA HISTORICAL FINANCIAL INFORMATION (Cont'd)

TITIJAYA LAND BERHAD
Proforma Consolidated Financial Information
PROFORMA CONSOLIDATED FINANCIAL INFORMATION
1. INTRODUCTION

- 1.1 The proforma consolidated financial information of Titijaya Land Berhad ("Titijaya") and its subsidiary companies (hereinafter collectively referred to as "Titijaya Group"), for which the directors of Titijaya are solely responsible, has been prepared for illustrative purposes only, for inclusion in the prospectus of Titijaya ("Prospectus") in connection with the listing and quotation of the entire enlarged issued and paid-up share capital of Titijaya on the Main Market of Bursa Malaysia Securities Berhad ("Bursa Securities").
- 1.2 The proforma consolidated financial information comprises the following:-
- Section 4 : Proforma consolidated statements of comprehensive income for the past five (5) financial years ended 30 June 2009 ("FYE 2009"), 30 June 2010 ("FYE 2010"), 30 June 2011 ("FYE 2011"), 30 June 2012 ("FYE 2012") and 30 June 2013 ("FYE 2013") of the Titijaya Group on the basis that the group structure as of the date of this report had been in existence since the beginning of the financial years under review, adjusted for the transactions as described in Note 3.7 but before the Public Issue as described in Note 2.1 of the proforma consolidated financial information;
 - Section 5 : Proforma consolidated statements of financial position as at 30 June 2013 of the Titijaya Group together with the accompanying notes and adjusted for the transactions as described in Note 3.7 but before the Public Issue as described in Note 2.1 of the proforma consolidated financial information;
 - Section 6 : Proforma consolidated statements of cash flows of the Titijaya Group for the FYE 2013 on the basis that the group structure as of the date of this report had been in existence throughout the FYE 2013, adjusted for the transactions as described in Note 3.7 but before the Public Issue as described in Note 2.1 of the proforma consolidated financial information; and
 - Section 7 : Proforma consolidated statements of financial position of the Titijaya Group as at 30 June 2013, adjusted for the transactions as described in Note 3.7, the Public Issue and the utilisation of listing proceeds as described in Notes 2.1 and 7.2.3 of the proforma consolidated financial information respectively.



11. PROFORMA HISTORICAL FINANCIAL INFORMATION (Cont'd)

TITIJAYA LAND BERHAD
Proforma Consolidated Financial Information

2. LISTING SCHEME

The listing scheme comprises the following:-

2.1 Public Issue

In conjunction with the Listing as described in Note 2.3, Titijaya will undertake a public issue of 81,705,000 new ordinary shares of RM0.50 each in Titijaya ("Titijaya Share(s)" or "Share(s)") ("Public Issue Share(s)") to be allotted in the following manner:-

(a) *Public*

17,000,000 Public Issue Shares, representing 5.00% of the enlarged issued and paid-up share capital of 340,000,000 Titijaya Shares have been reserved for application by Malaysian citizens, companies, co-operatives, societies and institutions of which, at least 50.00% shall be set aside for Bumiputera investors including individuals, companies, societies, co-operatives and institutions.

(b) *Eligible directors, employees and persons who have contributed to the success of the Titijaya Group*

6,000,000 Public Issue Shares representing 1.76% of the enlarged issued and paid-up share capital of 340,000,000 Titijaya Shares have been reserved for application by eligible Directors, employees and persons who have contributed to the success of the Titijaya Group.

(c) *Bumiputera investors approved by Ministry of International Trade and Industry ("MITI")*

34,000,000 Public Issue Shares, representing 10.00% of the enlarged issued and paid-up share capital of 340,000,000 Titijaya Shares, have been reserved for Bumiputera investors approved by the Ministry of International Trade and Industry.

(d) *Selected investors via placement*

24,705,000 Public Issue Shares, representing 7.27% of the enlarged issued and paid-up share capital of 340,000,000 Titijaya Shares have been reserved for placement to selected investors.

(Collectively hereinafter referred to as "Public Issue")

2.2 Offer For Sale

49,500,000 Shares, representing 14.56% of the enlarged issued and paid-up share capital of 340,000,000 Titijaya Shares will be offered for sale by Titijaya Group Sdn Bhd ("TGSB") to selected investors.

2.3 Listing of and Quotation on Bursa Securities

Upon completion of the Public Issue, Titijaya will seek the listing of and quotation for its entire enlarged issued and paid-up share capital of RM170,000,000 comprising 340,000,000 Titijaya Shares on the Main Market of Bursa Securities ("Listing").



11. PROFORMA HISTORICAL FINANCIAL INFORMATION (Cont'd)**TITIJAYA LAND BERHAD**
Proforma Consolidated Financial Information**3. BASIS OF PREPARATION OF THE PROFORMA CONSOLIDATED FINANCIAL INFORMATION**

3.1 The proforma consolidated financial information has been prepared to illustrate that:-

- a) the financial results of the Titijaya Group for the past five (5) FYE 2009, FYE 2010, FYE 2011, FYE 2012 and FYE 2013 on the basis that the group structure as of the date of this report had been in existence since the beginning of the financial years under review, adjusted for the transactions as described in Note 3.7 but before the Public Issue as described in Note 2.1 of the proforma consolidated financial information;
- b) the financial positions of the Titijaya Group as at 30 June 2013 together with the accompanying, adjusted for the transactions as described in Note 3.7 but before the Public Issue as described in Notes 2.1 of the proforma consolidated financial information;
- c) the cash flows of the Titijaya Group for the FYE 2013 on the basis that the group structure as of the date of this report had been in existence throughout the FYE 2013, adjusted for the transactions as described in Note 3.7 but before the Public Issue as described in Note 2.1 of the proforma consolidated financial information; and
- d) the financial position of the Titijaya Group as at 30 June 2013, adjusted for the transactions as described in Note 3.7, the Public Issue and the utilisation of listing proceeds as described in Notes 2.1 and 7.2.3 of the proforma consolidated financial information respectively.

3.2 Other than as stated below, the proforma consolidated financial information has been prepared based on the following audited financial statements of the Titijaya Group:-

| Company Name | FYE 2009 | FYE 2010 | FYE 2011 | FYE 2012 | FYE 2013 |
|---|-----------------|-----------------|-----------------|-----------------|---|
| Titijaya | Not applicable* | Not applicable* | Not applicable* | Not applicable* | Financial period from 9 July 2012 (date of incorporation) to 30 June 2013 |
| NPO Development Sdn Bhd ("NPO Development") | FYE 2009 | FYE 2010 | FYE 2011 | FYE 2012 | FYE 2013 |
| NPO Land Sdn Bhd ("NPO Land") ^{\$} | FYE 2009* | FYE 2010 | FYE 2011 | FYE 2012 | FYE 2013 |
| Sendi Bangga Development Sdn Bhd ("Sendi Bangga") ^{\$} | FYE 2009 | FYE 2010 | FYE 2011 | FYE 2012 | FYE 2013 |



11. PROFORMA HISTORICAL FINANCIAL INFORMATION (Cont'd)**TITIJAYA LAND BERHAD****Proforma Consolidated Financial Information****3. BASIS OF PREPARATION OF THE PROFORMA CONSOLIDATED FINANCIAL INFORMATION (Continued)****3.2 (Continued)**

| Company Name | FYE 2009 | FYE 2010 | FYE 2011 | FYE 2012 | FYE 2013 |
|---|-----------------------------|-----------------------------|--|--|---|
| Shah Alam City Centre Sdn Bhd ("SACC") | FYE 2009* | FYE 2010* | FYE 2011 | FYE 2012 | FYE 2013 |
| Safetags Solution Sdn Bhd ("Safetags") | FYE 2009* | FYE 2010* | FYE 2011 | FYE 2012 | FYE 2013 |
| Aman Kemensah Sdn Bhd ("Aman Kemensah") | FYE 2009* | FYE 2010* | FYE 2011 | FYE 2012 | FYE 2013 |
| Liberty Park Development Sdn Bhd ("Liberty Park") | Not applicable [¥] | Not applicable [¥] | Financial period from 1 March 2011 (date of incorporation) to 30 June 2011 | FYE 2012 | FYE 2013 |
| City Meridian Development Sdn Bhd ("City Meridian") | Not applicable [¥] | Not applicable [¥] | Financial period from 1 March 2011 (date of incorporation) to 30 June 2011 | FYE 2012 | FYE 2013 |
| Terbit Kelana Development Sdn Bhd ("Terbit Kelana") | FYE 2009* | FYE 2010* | FYE 2011* | FYE 2012 | FYE 2013 |
| Pin Hwa Properties Sdn Bhd ("Pin Hwa") | FYE 2009* | FYE 2010* | FYE 2011* | FYE 2012 | FYE 2013 |
| Epoch Property Sdn Bhd ("Epoch Property") | Not applicable [¥] | Not applicable [¥] | Not applicable [¥] | Financial period from 2 August 2011 (date of incorporation) to 31 December 2012 ⁺ | Financial period from 1 January 2013 to 30 June 2013 ⁺ |



11. PROFORMA HISTORICAL FINANCIAL INFORMATION (Cont'd)

TITIJAYA LAND BERHAD
Proforma Consolidated Financial Information

3. BASIS OF PREPARATION OF THE PROFORMA CONSOLIDATED FINANCIAL INFORMATION (Continued)

3.2 (Continued)

| Company Name | FYE 2009 | FYE 2010 | FYE 2011 | FYE 2012 | FYE 2013 |
|---|-----------------------------|-----------------------------|-----------------------------|-----------------------------|------------------------------|
| Prosperous Hectares Sdn Bhd ("Prosperous Hectares") | Not applicable [¥] | Not applicable [¥] | Not applicable [¥] | Not applicable [¥] | Not applicable [^] |
| Titijaya PMC Sdn Bhd (formerly known as Platinum Project Management Sdn Bhd) ("Titijaya PMC") | Not applicable [¥] | Not applicable [¥] | Not applicable [¥] | Not applicable [¥] | Not applicable ^{^^} |

[^] No audited financial statements were available as Prosperous Hectares was only incorporated on 15 February 2013

^{^^} No audited financial statements were available as Titijaya PMC was only incorporated on 23 May 2013.

^{\$} Wholly-owned subsidiary companies of NPO Development.

^{*} Audited by another firm of Chartered Accountants other than Messrs. Baker Tilly Monteiro Heng. Messrs. Baker Tilly Monteiro Heng had been appointed by Titijaya to conduct a review on the audited financial statements of NPO Land for the FYE 2009, SACC, Safetags and Aman Kemensah for the FYE 2009 and FYE 2010, Terbit Kelana and Pin Hwa for the FYE 2009, FYE 2010 and FYE 2011, in compliance with the Financial Reporting Standards in Malaysia in connection with the Listing. There were no material impacts arising from the adoption of the Financial Reporting Standards by these companies during the financial years under review.

[¥] Not applicable as these companies have yet to be incorporated.

⁺ Audited by another firm of Chartered Accountants other than Messrs. Baker Tilly Monteiro Heng. The said auditors had been appointed by Titijaya to conduct a review on the audited financial statements of Epoch Property for the financial period from 2 August 2011 (date of incorporation) to 31 December 2012 in compliance with the Financial Reporting Standards in Malaysia in connection with the Listing. There were no material impacts arising from the adoption of the Financial Reporting Standards by Epoch Property for the said the financial period under review.



11. PROFORMA HISTORICAL FINANCIAL INFORMATION (Cont'd)**TITIJAYA LAND BERHAD**
Proforma Consolidated Financial Information**3. BASIS OF PREPARATION OF THE PROFORMA CONSOLIDATED FINANCIAL INFORMATION (Continued)**

- 3.3 The audited financial statements of the subsidiary companies of Titijaya for the financial years under review were reported by the auditors to their respective members without any modifications. However, the audited financial statements of the following subsidiary companies contain the emphasis of matter paragraphs:-

Safetags**FYE 30 June 2009*****"Emphasis of Matter***

Without qualifying our opinion, we draw attention to Note 5 to the financial statements, the Company has a capital deficiency of RM5,270 as at 30 June 2009 as a result of accumulated losses incurred. However, the financial statements of the Company have been prepared on the basis of accounting principles applicable to a going concern. This basis presumes that cash will be available to finance future operations and that realisation of assets and settlement of liabilities will occur in the ordinary course of business. The financial statements do not include any adjustment that might be necessary should the Company be unable to continue as a going concern."

Extractions from Note 5 to the financial statements

The Company has a capital deficiency of RM5,270 (2008: RM2,787) as at 30 June 2009 as a result of accumulated losses incurred. However, the financial statements of the Company have been prepared on the basis of accounting principles applicable to a going concern. This basis presumes that cash will be available to finance future operations and that realisation of assets and settlement of liabilities will occur in the ordinary course of business.

FYE 30 June 2010***"Emphasis of Matter***

Without qualifying our opinion, we draw attention to Note 7 to the financial statements, the Company has a capital deficiency of RM8,536 as at 30 June 2010 as a result of accumulated losses incurred. However, the financial statements of the Company have been prepared on the basis of accounting principles applicable to a going concern. This basis presumes that cash will be available to finance future operations and that realisation of assets and settlement of liabilities will occur in the ordinary course of business. The financial statements do not include any adjustment that might be necessary should the Company be unable to continue as a going concern."

Extractions from Note 7 to the financial statements

The Company has a capital deficiency of RM8,536 (2009: RM5,270) as at 30 June 2010 as a result of accumulated losses incurred. However, the financial statements of the Company have been prepared on the basis of accounting principles applicable to a going concern. This basis presumes that cash will be available to finance future operations and that realisation of assets and settlement of liabilities will occur in the ordinary course of business.



11. PROFORMA HISTORICAL FINANCIAL INFORMATION (Cont'd)**TITIJAYA LAND BERHAD**
Proforma Consolidated Financial Information**3. BASIS OF PREPARATION OF THE PROFORMA CONSOLIDATED FINANCIAL INFORMATION (Continued)****3.3 (Continued)****Epoch Property**Financial period from 2 August 2011 (date of incorporation) to 31 December 2012*"Emphasis of Matter"**Without qualifying our opinion, we draw your attention to Note 2 to the financial statements concerning the availability of financial support from its creditors and directors to ensure that the Company continues as going concern in the foreseeable future."*

3.4 The proforma consolidated financial information of the Titijaya Group has been prepared for illustrative purposes only and, such information may not, because of its nature, give a true picture of the actual financial position and the results of the Titijaya Group and does not purport to predict the future financial position and results of the Titijaya Group.

3.5 The proforma consolidated financial information of the Titijaya Group have been properly prepared on the basis set out in the accompanying notes to the proforma consolidated financial information based on the audited consolidated financial statements of Titijaya, which have been prepared in accordance with the Financial Reporting Standards in Malaysia, and in a manner consistent with both the format of the financial statements and the accounting policies of the Titijaya Group.

3.6 The financial information of the Titijaya Group is measured using the currency of the primary economic environment in which the Titijaya Group operates. The functional and presentation currency of the Titijaya Group is Ringgit Malaysia ("RM").

3.7 In connection with the Listing, Titijaya undertook the following transactions prior to the Public Issue as described in Note 2.1 and the proforma consolidated financial information has been presented after adjusting for the following transactions:-

3.7.1 Acquisition of Prosperous Hectares and Titijaya PMC

- (a) On 8 July 2013, Titijaya had acquired 100% of the equity interest in Prosperous Hectares comprising two (2) ordinary shares of RM1 each for a total cash consideration of RM2 ("Acquisition of Prosperous Hectares").
- (b) On 9 July 2013, Titijaya had acquired 100% of the equity interest in Titijaya PMC comprising two (2) ordinary shares of RM1 each for a total cash consideration of RM2 ("Acquisition of Titijaya PMC").

(Collectively hereinafter referred to as "Acquisition of Companies")

3.7.2 Acquisition of Epoch Property's Land Held for Property Development

- (a) Additional deposits of RM8.839 million were paid by Epoch Property for the purchase of land held for property development.
- (b) Drawdown of a new term loan of RM83.1 million to finance the purchase of land held for property development by Epoch Property. Upon the drawdown of the term loan of RM83.1 million and total deposits paid of RM38.433 million, the purchase of land held for property development by Epoch Property was completed on 28 August 2013.

(Collectively hereinafter referred to as "Acquisition of Epoch Property's Land")



11. PROFORMA HISTORICAL FINANCIAL INFORMATION (Cont'd)**TITIJAYA LAND BERHAD****Proforma Consolidated Financial Information****4. PROFORMA CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME OF THE TITIJAYA GROUP**

- 4.1 The proforma consolidated statements of comprehensive income of the Titijaya Group for the five (5) FYE 2009, FYE 2010, FYE 2011, FYE 2012 and FYE 2013 as set out below, for which the directors of Titijaya are solely responsible, have been prepared for illustrative purposes only and have been prepared on the assumption that the Titijaya Group has been in existence throughout the financial years under review and are to be read in conjunction with the notes thereto.

| | ← FYE → | | | | |
|--|----------------|----------------|----------------|----------------|----------------|
| | 2009 RM'000 | 2010 RM'000 | 2011 RM'000 | 2012 RM'000 | 2013 RM'000 |
| Revenue | 151,112 | 101,831 | 137,182 | 118,252 | 193,766 |
| Cost of sales | (126,290) | (72,445) | (93,500) | (71,650) | (100,391) |
| Gross profit | 24,822 | 29,386 | 43,682 | 46,602 | 93,375 |
| Other income | 2,088 | 16,312 | 3,686 | 13,364 | 2,032 |
| Selling and distribution expenses | (3,064) | (2,229) | (3,206) | (7,395) | (10,714) |
| Administrative expenses | (4,006) | (3,998) | (4,626) | (6,137) | (7,922) |
| Other expenses | (1,344) | (1,940) | (5,393) | (2,581) | (4,433) |
| Operating profit | 18,496 | 37,531 | 34,143 | 43,853 | 72,338 |
| Finance costs | (483) | (4,725) | (3,554) | (632) | (1,306) |
| Profit before tax | 18,013 | 32,806 | 30,589 | 43,221 | 71,032 |
| Taxation | (4,600) | (5,610) | (8,065) | (9,081) | (18,836) |
| Net profit for the financial years | 13,413 | 27,196 | 22,524 | 34,140 | 52,196 |
| Earning before interests, depreciation and taxation (RM'000) | 18,159 | 33,907 | 33,907 | 43,469 | 71,518 |
| Effective tax rate (%) | 25.54 | 17.10 | 26.37 | 21.01 | 26.52 |
| Gross profit margin (%) | 16.43 | 28.86 | 31.84 | 39.41 | 48.19 |
| Profit before tax margin (%) | 11.92 | 32.22 | 22.30 | 36.55 | 36.66 |
| Profit after tax margin (%) | 8.88 | 26.71 | 16.42 | 28.87 | 26.94 |
| Number of Titijaya Shares in issue ('000) | 258,295 | 258,295 | 258,295 | 258,295 | 258,295 |
| Gross Earning Per Share ("EPS") (RM) | 0.07 | 0.13 | 0.12 | 0.17 | 0.28 |
| Net EPS (RM) | 0.05 | 0.11 | 0.09 | 0.13 | 0.20 |
| Diluted EPS (RM) | 0.05 | 0.09 | 0.08 | 0.12 | 0.18 |



11. PROFORMA HISTORICAL FINANCIAL INFORMATION (Cont'd)**TITIJAYA LAND BERHAD**
Proforma Consolidated Financial Information**4. PROFORMA CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME OF THE TITIJAYA GROUP (Continued)**

4.2 Notes to the proforma consolidated statements of comprehensive income are as follows:-

4.2.1 Basis of Preparation

The proforma consolidated statements of comprehensive income of the Titijaya Group are prepared for illustrative purposes only and have been presented on the assumption that the Titijaya Group has been in existence since 1 July 2008 and throughout the financial years under review. There is no fair value adjustments relating to the net assets acquired based on the assumption that the Titijaya Group has been in existence since 1 July 2008. These proforma consolidated statements of comprehensive income are based on the audited financial statements of the Titijaya Group as mentioned in Note 3.2, unless otherwise stated.

4.2.2 The proforma consolidated statements of comprehensive income for the financial years under review have been prepared based on the accounting policies consistent with those adopted by Titijaya in the preparation of its audited consolidated financial statements for the FYE 2013.

4.2.3 Titijaya has one (1) subsidiary company which formerly had a different financial year end from the other companies within the Titijaya Group, namely Epoch Property which has a financial year end as at 31 December.

In compliance with Circular 41/2010 issued by the Malaysian Institute of Accountants in respect of the Preparation of the Historical Proforma Financial Information, the directors of Titijaya are of the view that despite the financial information of Epoch Property not covering a complete financial year and with a different duration with the other companies within the Titijaya Group, the audited financial statements for the financial period from 2 August 2011 (date of incorporation) to 31 December 2012 and for the financial period from 1 January 2013 to 30 June 2013 have been used in the preparation of the proforma consolidated statements of comprehensive income of the Titijaya Group for the FYE 2012 and FYE 2013 as Epoch Property was inactive during these financial periods and the losses incurred comprise mainly statutory expenses and consultancy fees incurred, and therefore there is no material financial impact on the proforma consolidated results of the Titijaya Group for FYE 2012 and FYE 2013 respectively. Epoch Property had subsequently changed its financial year end to 30 June during the 2013 year in order to have a coterminous financial year end with other companies within the Titijaya Group.

4.2.4 There were no exceptional items in all the financial years under review.

4.2.5 The gross EPS is computed as profit before tax over the number of Titijaya Shares prior to the Public Issue.

4.2.6 The net EPS is computed as net profit for the financial years over the number of Titijaya Shares prior to the Public Issue.

4.2.7 The diluted EPS is computed as net profit for the financial years over the number of Titijaya Shares and the assumed full conversion of RCPS but prior to the Public Issue.

4.2.8 All significant inter-company transactions are eliminated on consolidation and the consolidated results reflect external transactions only.

4.2.9 There were no non-controlling interests, share of profits of joint ventures or associated companies.



11. PROFORMA HISTORICAL FINANCIAL INFORMATION (Cont'd)**TITIJAYA LAND BERHAD****Proforma Consolidated Financial Information****5. PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF THE TITIJAYA GROUP**

- 5.1 The proforma consolidated statements of financial position of the Titijaya Group as set out below, for which the directors are solely responsible, have been prepared for illustrative purposes only, to show the effects on the audited consolidated statement of financial position of Titijaya as at 30 June 2013 and adjusted for the transactions as described in Note 3.7 but before the Public Issue as described in Note 2.1 of the proforma consolidated financial information, and should be read in conjunction with the notes accompanying thereto.

| | | As at 30 June 2013 | |
|---|----------|--------------------|----------------|
| | | Audited * | Adjusted ** |
| | | RM'000 | RM'000 |
| Non-current assets | | | |
| Property, plant and equipment | 5.2.4(a) | 4,327 | 4,327 |
| Investment properties | 5.2.4(b) | 76,506 | 76,506 |
| Land held for property development | 5.2.4(c) | 165,145 | 286,678 |
| Other investments - at cost | 5.2.4(d) | 5 | 5 |
| Goodwill on consolidation | 5.2.4(e) | 1,596 | 1,601 |
| Total non-current assets | | 247,579 | 369,117 |
| Current assets | | | |
| Property development costs | 5.2.4(c) | 158,708 | 158,708 |
| Inventories | 5.2.4(f) | 14,146 | 14,146 |
| Trade and other receivables | 5.2.4(g) | 61,903 | 32,309 |
| Accrued billings in respect of property development costs | | 78,807 | 78,807 |
| Tax recoverable | | 2,589 | 2,589 |
| Fixed deposits with licensed banks | 5.2.4(h) | 3,698 | 3,698 |
| Cash and bank balances | 5.2.4(i) | 26,435 | 17,596 |
| Total current assets | | 346,286 | 307,853 |
| TOTAL ASSETS | | 593,865 | 676,970 |
| EQUITY AND LIABILITIES | | | |
| Equity attributable to owner of Titijaya | | | |
| Share capital | 5.2.4(j) | 129,148 | 129,148 |
| RCPS - equity component | 5.2.4(j) | 12,388 | 12,388 |
| Reserve arising from reverse acquisition | 5.2.4(k) | (47,426) | (47,426) |
| Retained earnings | | 107,013 | 107,013 |
| Total equity | | 201,123 | 201,123 |
| Non-current liabilities | | | |
| Hire purchase payables | 5.2.4(l) | 313 | 313 |
| Bank borrowings | 5.2.4(m) | 43,915 | 127,015 |
| RCPS - liability component | 5.2.4(n) | 33,483 | 33,483 |
| Deferred tax liabilities | 5.2.4(o) | 39,499 | 39,499 |
| | | 117,210 | 200,310 |



11. PROFORMA HISTORICAL FINANCIAL INFORMATION (Cont'd)

TITIJAYA LAND BERHAD
Proforma Consolidated Financial Information5. PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF THE
TITIJAYA GROUP (CONTINUED)

5.1 (Continued)

| | | As at 30 June 2013 | |
|---|----------|---------------------|-----------------------|
| | Note | Audited * RM'000 | Adjusted ** RM'000 |
| Current liabilities | | | |
| Trade and other payables | 5.2.4(p) | 150,818 | 150,823 |
| Progress billings in respect of property development costs | | 89,460 | 89,460 |
| Hire purchase payables | 5.2.4(l) | 158 | 158 |
| Bank borrowings | 5.2.4(m) | 29,339 | 29,339 |
| Current tax payable | | 5,757 | 5,757 |
| Total current liabilities | | 275,532 | 275,537 |
| Total liabilities | | 392,742 | 475,847 |
| TOTAL EQUITY AND LIABILITIES | | 593,865 | 676,970 |
| Proforma net assets per Titijaya Share attributable to owner of Titijaya (RM) | 5.2.4(s) | 0.78 | 0.78 |

* As per the audited consolidated statement of financial position of the Titijaya Group as at 30 June 2013.

** After adjusted for the Acquisition of Companies and Acquisition of Epoch Property's Land as detailed in Note 3.7.

5.2 Notes to the Proforma Consolidated Statements of Financial Position of the
Titijaya Group

5.2.1 Basis of Preparation and Consolidation

The proforma consolidated statements of financial position of the Titijaya Group are prepared for illustrative purposes only and has been prepared based on the audited financial statements of the Titijaya Group as mentioned in Note 3.2, unless otherwise stated.

5.2.2 The proforma consolidated statements of financial position of the Titijaya Group has been prepared based on the accounting policies consistent with those adopted in the preparation of the audited consolidated financial statements of Titijaya for the FYE 2013.

5.2.3 All inter-companies balances are eliminated on consolidation.



11. PROFORMA HISTORICAL FINANCIAL INFORMATION (Cont'd)

TITIJAYA LAND BERHAD
Proforma Consolidated Financial Information5. PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF THE
TITIJAYA GROUP (CONTINUED)5.2 Notes to the Proforma Consolidated Statements of Financial Position of the
Titijaya Group (Continued)5.2.4 The proforma consolidated statements of financial position of the Titijaya Group should
be read in conjunction with the notes below:-

(a) Property, Plant and Equipment

| | Cost RM'000 | Accumulated Depreciation RM'000 | Carrying Amount RM'000 |
|-----------------------------|----------------|---------------------------------------|------------------------------|
| As at 30 June 2013 | | | |
| Audited and Adjusted | | | |
| Freehold land and buildings | 3,548 | - | 3,548 |
| Computers | 231 | 157 | 74 |
| Office equipment | 102 | 97 | 5 |
| Furniture and fittings | 300 | 165 | 135 |
| Motor vehicles | 1,870 | 1,323 | 547 |
| Renovation | 75 | 57 | 18 |
| Cabins | 22 | 22 | ^ |
| Total | 6,148 | 1,821 | 4,327 |

^ RM1

Certain motor vehicles with a total carrying amount of RM564,684 as at 30 June 2013 were acquired under hire purchase arrangements.

(b) Investment Properties

| | Cost RM'000 | Accumulated Depreciation RM'000 | Net Carrying Amount RM'000 |
|-------------------------------------|----------------|---------------------------------------|-------------------------------------|
| As at 30 June 2013 | | | |
| Audited and Adjusted | | | |
| Freehold land | 71,989 | - | 71,989 |
| Buildings | 4,649 | 132 | 4,517 |
| Total | 76,638 | 132 | 76,506 |
| Fair value of investment properties | | | 77,791 |
| Rental income generated | | | 748 |

The fair values of investment properties of approximately RM76,380,000 are determined based on the valuation performed by the independent professional valuers with recent experience in the location and categories of land being valued.

Included in buildings is a self-constructed food court with a total carrying amount of RM1,410,536 which was completed on 28 August 2006 and located at Daerah Klang Utara. The directors are of the opinion that the fair value of investment properties is approximately their net carrying amount.

The investment properties amounting to RM52,328,413 have been pledged to financial institutions to secure the credit facilities granted to the Titijaya Group.



11. PROFORMA HISTORICAL FINANCIAL INFORMATION (Cont'd)

TITIJAYA LAND BERHAD
Proforma Consolidated Financial Information5. PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF THE
TITIJAYA GROUP (CONTINUED)5.2 Notes to the Proforma Consolidated Statements of Financial Position of the
Titijaya Group (Continued)

5.2.4 (Continued)

(c) Land Held for Property Development and Property Development Costs

(i) Land held for Property Development

| | Freehold Land RM'000 | Audited Development Costs RM'000 | Total RM'000 |
|---|----------------------------|---|-----------------|
| At 9 July 2012 (date of incorporation) | - | - | - |
| Arising from reverse acquisition | 10,101 | 1,112 | 11,213 |
| Acquisition of subsidiary companies | 130,569 | 21,931 | 152,500 |
| Costs incurred during the financial period | - | 1,457 | 1,457 |
| Written off during the financial period | - | (25) | (25) |
| At 30 June 2013 | 140,670 | 24,475 | 165,145 |

| | Freehold Land RM'000 | Adjusted Development Costs RM'000 | Total RM'000 |
|---|----------------------------|--|-----------------|
| At 9 July 2012 (date of incorporation) | - | - | - |
| Arising from reverse acquisition | 10,101 | 1,112 | 11,213 |
| Acquisition of subsidiary companies | 130,569 | 21,931 | 152,500 |
| Arising from the Acquisition Epoch Property's Land | 121,533 | - | 121,533 |
| Costs incurred during the financial period | - | 1,457 | 1,457 |
| Written off during the financial period | - | (25) | (25) |
| At 30 June 2013 | 262,203 | 24,475 | 286,678 |

Included in land held for property development is an amount of RM509,557 representing interest expense capitalised during the financial period.

Land held for property development have been pledged to financial institutions to secure the credit facilities granted to the Titijaya Group.



11. PROFORMA HISTORICAL FINANCIAL INFORMATION (Cont'd)

TITIJAYA LAND BERHAD
Proforma Consolidated Financial Information5. PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF THE
TITIJAYA GROUP (CONTINUED)5.2 Notes to the Proforma Consolidated Statements of Financial Position of the
Titijaya Group (Continued)

5.2.4 (Continued)

(c) Land Held for Property Development and Property Development Costs
(Continued)

(ii) Property Development Costs

| | Freehold Land RM'000 | Audited and Adjusted Leasehold Land RM'000 | Development Costs RM'000 | Total RM'000 |
|---|----------------------------|---|--------------------------------|-----------------|
| Cumulative Property Development Costs | | | | |
| At 9 July 2012 (date of incorporation) | - | - | - | - |
| Arising from reverse acquisition | 74,642 | - | 102,414 | 177,056 |
| Acquisition of subsidiary companies | 2,373 | 18,800 | 28,389 | 49,562 |
| Costs incurred during the financial period | 18 | - | 97,001 | 97,019 |
| Reversal of completed projects | (8,566) | - | (115,230) | (123,796) |
| Unsold units transferred to inventories | (723) | - | (9,733) | (10,456) |
| At 30 June 2013 | 67,744 | 18,800 | 102,841 | 189,385 |
| Costs recognised in the profit or loss | | | | |
| At 9 July 2012 (date of incorporation) | - | - | - | - |
| Arising from reverse acquisition | (3,183) | - | (47,947) | (51,130) |
| Acquisition of subsidiary companies | (403) | (905) | (8,984) | (10,292) |
| Recognised during the financial period | (6,018) | (267) | (86,766) | (93,051) |
| Reversal of completed projects | 8,566 | - | 115,230 | 123,796 |
| At 30 June 2013 | (1,038) | (1,172) | (28,467) | (30,677) |
| Property Development Costs at 30 June 2013 | 66,706 | 17,628 | 74,374 | 158,708 |

Included in property development costs are amounts totalling RM2,525,638 representing interest expense capitalised during the financial period.

The property development costs have been pledged to the financial institutions for banking facilities granted to the Titijaya Group.



11. PROFORMA HISTORICAL FINANCIAL INFORMATION (Cont'd)

TITIJAYA LAND BERHAD
Proforma Consolidated Financial Information5. PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF THE
TITIJAYA GROUP (CONTINUED)5.2 Notes to the Proforma Consolidated Statements of Financial Position of the
Titijaya Group (Continued)

5.2.4 (Continued)

(d) Other Investments

| | As at 30 June 2013 Audited and Adjusted RM'000 |
|---|--|
| Unit trust funds held for trading, at cost and market value | 5 |

(e) Goodwill on Consolidation

| | As at 30 June 2013 | |
|-------------------------------------|--------------------|--------------------|
| | Audited RM'000 | Adjusted RM'000 |
| At the date of incorporation | - | - |
| Acquisition of subsidiary companies | 1,596 | 1,596 |
| Acquisition of Companies | - | 5 |
| At the end of financial period | 1,596 | 1,601 |

(f) Inventories

| | As at 30 June 2013 Audited and Adjusted RM'000 |
|---|--|
| Completed properties held for sale, at cost | 14,146 |



11. PROFORMA HISTORICAL FINANCIAL INFORMATION (Cont'd)

TITIJAYA LAND BERHAD
Proforma Consolidated Financial Information5. PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF THE
TITIJAYA GROUP (CONTINUED)5.2 Notes to the Proforma Consolidated Statements of Financial Position of the
Titijaya Group (Continued)

5.2.4 (Continued)

(g) Trade and Other Receivables

| | As at 30 June 2013 | |
|---|--------------------|--------------------|
| | Audited RM'000 | Adjusted RM'000 |
| Trade receivables | 28,171 | 28,171 |
| Other receivables | 1,472 | 1,472 |
| Deposits | 32,260 | 2,666 |
| | 33,732 | 4,138 |
| Total trade and other receivables | 61,903 | 32,309 |
| Add: Fixed deposits placed with licensed banks (Note 5.2.4(h)) | 3,698 | 3,698 |
| Cash and bank balances (Note 5.2.4(i)) | 26,435 | 17,596 |
| Total loans and receivables | 92,036 | 53,603 |

Trade Receivables

The Titijaya Group's normal credit term ranges from 14 days to 90 days. Other credit terms are assessed and approved on a case-by-case basis.

Ageing analysis of trade receivables are as follows:-

| | As at 30 June 2013 Audited and Adjusted RM'000 |
|---|--|
| Neither past due nor impaired | 21,907 |
| 1 to 30 days past due not impaired | 761 |
| 31 to 75 days past due not impaired | 1,001 |
| More than 75 days past due but not impaired | 4,502 |
| | 28,171 |



11. PROFORMA HISTORICAL FINANCIAL INFORMATION (Cont'd)**TITIJAYA LAND BERHAD**
Proforma Consolidated Financial Information**5. PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF THE
TITIJAYA GROUP (CONTINUED)****5.2 Notes to the Proforma Consolidated Statements of Financial Position of the
Titijaya Group (Continued)****5.2.4 (Continued)****(g) Trade and Other Receivables (Continued)**Receivables that are neither past due nor impairment

The directors are of the opinion that no impairment loss is necessary in respect of these not past due trade receivables.

Receivables that are past due but not impaired

The balance of trade receivables that are past due but not impaired, representing by approximately 22% of the Titijaya Group's trade receivables are unsecured in nature.

Based on the management experience, no receivables past due were written off as a result of irrecoverability. The management has a credit procedure in place to monitor and minimise the exposure of default. The directors of the Group are of the opinion that no impairment loss is necessary in respect of these past due trade receivables.

Deposits**Audited**

Included in the deposits of the Titijaya Group are amounts totaling of RM30,625,912 in relation to the deposits paid for the purchase of land held for property development for a total consideration of RM127,103,264. The balance of the purchase consideration has been disclosed in Note 5.2.4(r).

Adjusted

The RM29,594,407 deposit stated above had be reclassified to land held for property development upon the completion of the acquisition of the said land on 28 August 2013.

Included in the deposits of the Titijaya Group is an amount of RM1,031,505 in relation to the deposit paid for the purchase of land held for property development for a total consideration of RM5,570,080. The balance of the purchase consideration has been disclosed in Note 5.2.4(r).



11. PROFORMA HISTORICAL FINANCIAL INFORMATION (Cont'd)

TITIJAYA LAND BERHAD
Proforma Consolidated Financial Information

5. PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF THE TITIJAYA GROUP (CONTINUED)

5.2 Notes to the Proforma Consolidated Statements of Financial Position of the Titijaya Group (Continued)

5.2.4 (Continued)

(h) Fixed Deposits Placed with Licensed Banks

Fixed deposits placed with licensed banks have maturity dates of one (1) month, which bear interests at the rates ranging from 2.75% to 2.80% per annum for the financial period under review.

Fixed deposits placed with licensed banks have been pledged to the licensed banks to secure credit facilities granted to the Titijaya Group.

(i) Cash and Bank Balances

| | As at 30 June 2013 | |
|------------------------------|--------------------|--------------------|
| | Audited RM'000 | Adjusted RM'000 |
| Short term funds | 5 | 5 |
| Cash in hand | 8 | 8 |
| Housing Development Accounts | 6,681 | 6,681 |
| Cash at banks | 19,741 | 10,902 |
| | <u>26,435</u> | <u>17,596</u> |

The housing development accounts which held pursuant to Section 7A of the Housing Development (Control and Licensing) Act, 1966, comprise monies received from purchasers, are for the payment of property development expenditure incurred and are restricted from use in other operations.

The surplus monies, if any, will be released to the subsidiary companies upon the completion of the property development projects and after all property development expenditure have been fully settled.

The short term funds represent investment in fixed income trust funds which can be redeemed within a period of less than 30 days with tax exempt interest at the rates ranging from 2.00% to 2.23% per annum.



11. PROFORMA HISTORICAL FINANCIAL INFORMATION (Cont'd)

TITIJAYA LAND BERHAD
Proforma Consolidated Financial Information
5. PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF THE
TITIJAYA GROUP (CONTINUED)5.2 Notes to the Proforma Consolidated Statements of Financial Position of the
Titijaya Group (Continued)

5.2.4 (Continued)

(j) Share Capital

| | As at 30 June 2013 Audited and Adjusted | |
|---|--|------------------|
| | Number of Shares Unit '000 | Amount RM'000 |
| Authorised Ordinary Shares | | |
| At the date of incorporation | | |
| - ordinary shares of RM1.00 each | 100 | 100 |
| Subdivided during the financial period | | |
| - ordinary shares of RM0.50 each | 100 | - |
| Created during the financial period | 499,800 | 249,900 |
| At the end of the financial period | <u>500,000</u> | <u>250,000</u> |
| RCPS of RM0.50 each | | |
| At the date of incorporation | - | - |
| Created during the financial period | 100,000 | 50,000 |
| At the end of the financial period | <u>100,000</u> | <u>50,000</u> |
| Issued and fully paid-up Ordinary Shares | | |
| At the date of incorporation | | |
| - ordinary shares of RM1.00 each | * | + |
| Subdivided during the financial period | | |
| - ordinary shares of RM0.50 each | * | + |
| Issued during the financial period | 258,295 | 129,148 |
| Ordinary shares of RM0.50 each | <u>258,295</u> | <u>129,148</u> |
| RCPS of RM0.50 each | | |
| At the date of incorporation | - | - |
| Issued during the financial period | 100,000 | 50,000 |
| At the end of the financial period | <u>100,000</u> | <u>50,000</u> |

* Two (2) ordinary shares of RM1.00 each.
+ RM2.

- (i) On 27 July 2012, Titijaya subdivided its authorised share capital of RM100,000 comprising 100,000 ordinary shares of RM1.00 each to RM100,000 comprising 200,000 ordinary shares of RM0.50 each;



11. PROFORMA HISTORICAL FINANCIAL INFORMATION (Cont'd)**TITIJAYA LAND BERHAD**
Proforma Consolidated Financial Information**5. PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF THE**
TITIJAYA GROUP (CONTINUED)**5.2 Notes to the Proforma Consolidated Statements of Financial Position of the**
Titijaya Group (Continued)**5.2.4 (Continued)****(j) Share Capital (Continued)**

- (ii) On 26 March 2013, Titijaya increased its authorised share capital of RM100,000 comprising 200,000 ordinary shares of RM0.50 each to RM300,000,000 by the creation of an additional 499,800,000 new ordinary shares of RM0.50 each and 100,000,000 RCPS of RM0.50 each;
- (iii) On 29 March 2013, Titijaya increased its issued and paid-up ordinary share capital from RM2 to RM129,147,500 by way of the issuance of 258,294,996 ordinary shares of RM0.50 each as partial settlement of the purchase consideration for the acquisitions of subsidiary companies; and
- (iv) Titijaya had issued 50,000,000 5-year RCPS of RM0.50 each at the nominal amount of RM0.50 as partial settlement of the purchase consideration for the acquisitions of certain subsidiary companies. These RCPS were segregated into equity and liability components of RM12,387,689 and RM33,483,082 respectively. The liability component and the principal terms of the RCPS are disclosed in Note 5.2.4(n).

(k) Reserve Arising from Reverse Acquisition

The reserve arising from reverse acquisition is the difference between the total purchase consideration for the acquisition of NPO Development of RM48.415 million of which RM47.058 million was settled via the issuance of 94,116,000 Titijaya Shares and RM1.357 million was settled via the issuance of 2,713,733 RCPS of RM0.50 each and the issued equity of NPO Development.

| | As at 30 June 2013 Audited and Adjusted RM'000 |
|--|---|
| Total purchase consideration pursuant to acquisition of NPO Development | 48,415 |
| Add: Pre-acquisition loss | 1,011 |
| Less: Issued equity of NPO Development | (2,000) |
| | <u>47,426</u> |



11. PROFORMA HISTORICAL FINANCIAL INFORMATION (Cont'd)

TITIJAYA LAND BERHAD
Proforma Consolidated Financial Information5. PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF THE
TITIJAYA GROUP (CONTINUED)5.2 Notes to the Proforma Consolidated Statements of Financial Position of the
Titijaya Group (Continued)

5.2.4 (Continued)

(l) Hire Purchase Payables

| | As at 30 June 2013 Audited and Adjusted RM'000 |
|--|--|
| Minimum hire purchase payments | |
| Within twelve months | 178 |
| After the next twelve months | 331 |
| | <u>509</u> |
| Less: Future interest charges | (38) |
| Present value of hire purchase payables | <u>471</u> |
| Analysis of present value of hire purchase payables | |
| Not later than one year | 158 |
| Later than one year and not later than five years | 313 |
| | <u>471</u> |

The hire purchase payables bear interest at 1.88% to 3.66% per annum.

(m) Bank Borrowings

| | As at 30 June 2013 | |
|--------------------------------------|--------------------|--------------------|
| | Audited RM'000 | Adjusted RM'000 |
| Short term borrowings-secured | | |
| Bank overdrafts | 14,389 | 14,389 |
| Term loans | 14,950 | 14,950 |
| | <u>29,339</u> | <u>29,339</u> |
| Long term borrowings-secured | | |
| Term loans | 42,242 | 125,342 |
| Bridging loan | 1,673 | 1,673 |
| | <u>43,915</u> | <u>127,015</u> |
| Total borrowings | <u>73,254</u> | <u>156,354</u> |



11. PROFORMA HISTORICAL FINANCIAL INFORMATION (Cont'd)**TITIJAYA LAND BERHAD**
Proforma Consolidated Financial Information**5. PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF THE TITIJAYA GROUP (CONTINUED)****5.2 Notes to the Proforma Consolidated Statements of Financial Position of the Titijaya Group (Continued)****5.2.4 (Continued)****(m) Bank Borrowings**

| | As at 30 June 2013 | |
|--|---------------------------|-----------------|
| | Audited | Adjusted |
| | RM'000 | RM'000 |
| Comprising portion repayable | | |
| Within one year | 29,339 | 29,339 |
| More than one year but less than two years | 22,153 | 38,773 |
| More than two years but less than five years | 12,542 | 79,022 |
| More than five years | 9,220 | 9,220 |
| | <u>73,254</u> | <u>156,354</u> |

Audited

The borrowings are secured by the following:-

- (a) First and third party legal charges over the development properties;
- (b) Fixed legal charges over the land held for property development;
- (c) First legal charge over an investment property;
- (d) Specific and supplementary debentures over the present and future assets on the property development land;
- (e) Specific debenture by a third party company incorporating a fixed charge for all monies owing or payable under the banking facilities over the development properties;
- (f) Facility agreements between certain subsidiary companies and the financial institutions;
- (g) Assignment of all rights, title and interest in respect of the rental proceeds for a property from the tenant in favour of the lender;
- (h) Deeds of assignment over the property, plant and equipment and all the sale proceeds arising from the property development projects and monies in the project accounts maintained with the licensed banks granting the facilities;
- (i) Assignment and supplementary assignment of housing development accounts and project accounts of the development project; and
- (j) Pledged of fixed deposits together with the interests accrued thereon;
- (k) Corporate guarantee granted by TGSB and a subsidiary company;
- (l) Jointly and severally guarantee by certain directors of Titijaya; and
- (m) Deed of undertaking from TGSB, a subsidiary company and certain directors of Titijaya;



11. PROFORMA HISTORICAL FINANCIAL INFORMATION (Cont'd)

TITIJAYA LAND BERHAD
Proforma Consolidated Financial Information
**5. PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF THE
TITIJAYA GROUP (CONTINUED)**
**5.2 Notes to the Proforma Consolidated Statements of Financial Position of the
Titijaya Group (Continued)**
5.2.4 (Continued)
(m) Bank Borrowings
Audited (Continued)

The term loans of the Titijaya Group are repayable by way as follow:-

- (a) 24 monthly principal instalments of RM572,000 each commencing 30 months from the date of first drawdown of the term loan;
- (b) 60 equal monthly instalments comprising principal and interest of RM292,779 each;
- (c) 35 and 37 monthly instalments of RM416,660 and RM243,426 each commencing June 2012 and June 2011, with a final instalment of RM416,900 and RM245,144 respectively;
- (d) 180 equal monthly instalments comprising principal and interests of RM79,602 each;
- (e) 168 equal monthly instalments of RM59,524 commencing November 2010;
- (f) 157 monthly instalments RM20,985 commencing October 2011; and/or
- (g) Redemption of titles or via a reduction schedule, whichever is earlier.

The bridging loan is repayable 24 monthly principal instalments of RM1,250,000 each commencing 30 months from the date of first drawdown of the bridging loan or repayment via redemption for unit sold.

The bank borrowings bear interests at the rates which are on a floating rate basis ranging 5.10% to 8.35% per annum.

Adjusted

Additional information on Epoch Property's term loan which is secured by the following:-

- (a) First party legal charge over the Epoch Property's Land;
- (b) Specific debenture creating fixed and floating charge over all present and future assets of Epoch Property pertaining to development project of Epoch Property;
- (c) Corporate guarantee by TGSB; and
- (d) Joint and severally guarantee by certain directors of Titijaya.

The term loan is repayable by 10 quarterly principal repayments of RM8.31 million commencing March 2015 and bear interest rate at 6.6% per annum.



11. PROFORMA HISTORICAL FINANCIAL INFORMATION (Cont'd)

TITIJAYA LAND BERHAD
Proforma Consolidated Financial Information

5. PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF THE TITIJAYA GROUP (CONTINUED)

5.2 Notes to the Proforma Consolidated Statements of Financial Position of the Titijaya Group (Continued)

5.2.4 (Continued)

(n) RCPS – Liability Component

The RCPS was segregated into equity and liability components at inception. The liability component was computed by applying the prevailing market interest rate of 8.35% to the estimated future cash flows up till the date of redemption.

The principal terms of the RCPS are as follows:-

- (a) The RCPS has a par value of RM0.50 each and bears zero dividend rate.
- (b) The RCPS has a maturity period of five (5) years from the date of issuance. Redemption of the RCPS by Titijaya at 100% of its nominal value is only allowed at the sole option of Titijaya at any time during the tenure of the RCPS. Any RCPS not redeemed or converted shall, on Maturity Date, be automatically redeemed by Titijaya at 100% of its nominal value.
- (c) The registered holder will have the right to convert the RCPS on the basis of one (1) new Titijaya Share for every three (3) RCPS held at any time from the issuance date until the maturity, subject to the maximum amount of conversion as stipulated at each conversion period.
- (d) The RCPS shall carry no right to vote at any general meetings of Titijaya except with regards to any proposal on the followings:-
 - (i) any proposal to wind up Titijaya;
 - (ii) during the winding up of Titijaya;
 - (iii) on any proposal that affects the rights of the RCPS holders;
 - (iv) on a proposal to reduce Titijaya's share capital; or
 - (v) on a proposal for the disposal of the whole of the Titijaya's property, business and undertaking.
- (e) In any such case, the RCPS holders shall be entitled to vote together with the holders of ordinary shares and to one (1) vote for each RCPS held.
- (f) The RCPS will not be listed. Approval has been obtained from Bursa Securities for the listing and quotation on the Main Market of Bursa Securities for the new Titijaya Shares to be issued upon conversion of the RCPS.



11. PROFORMA HISTORICAL FINANCIAL INFORMATION (Cont'd)

TITIJAYA LAND BERHAD
Proforma Consolidated Financial Information5. PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF THE
TITIJAYA GROUP (CONTINUED)5.2 Notes to the Proforma Consolidated Statements of Financial Position of the
Titijaya Group (Continued)

5.2.4 (Continued)

(o) Deferred Taxation

| | As at 30 June 2013 Audited and Adjusted RM'000 |
|--|--|
| At 9 July 2012 (date of incorporation) | - |
| Arising from reverse acquisition | 13 |
| Recognised in profit or loss during the financial period | 5 |
| Fair value adjustments arising from business combination | 35,352 |
| Pursuant to the issuance of RCPS | 4,129 |
| At 30 June 2013 | <u>39,499</u> |

The deferred tax liabilities comprise the following:-

| | As at 30 June 2013 Audited and Adjusted RM'000 |
|---|--|
| Tax effects on temporary differences arising from:- | |
| Property, plant and equipment | 18 |
| Investment properties | 15,780 |
| Land held for property development | 19,572 |
| RCPS | 4,129 |
| | <u>39,499</u> |

Deferred tax assets have not been recognised in respect of the following items:-

| | As at 30 June 2013 Audited and Adjusted RM'000 |
|--|--|
| Deferred tax assets | |
| Unutilised tax losses | <u>3,642</u> |
| Potential deferred tax benefits at 25% | <u>910</u> |



11. PROFORMA HISTORICAL FINANCIAL INFORMATION (Cont'd)

TITIJAYA LAND BERHAD
Proforma Consolidated Financial Information5. PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF THE
TITIJAYA GROUP (CONTINUED)5.2 Notes to the Proforma Consolidated Statements of Financial Position of the
Titijaya Group (Continued)

5.2.4 (Continued)

(p) Trade and Other Payables

| | As at 30 June 2013 | |
|---|--------------------|--------------------|
| | Audited RM'000 | Adjusted RM'000 |
| Trade payables | 22,739 | 22,739 |
| Amount due to related parties | | |
| Directors | 6,337 | 6,337 |
| Holding company | 945 | 945 |
| Related companies | 38,710 | 38,710 |
| Companies in which certain directors have interests | 5,270 | 5,270 |
| Companies in which persons connected to directors have interests | 49 | 49 |
| Other payables | 39,164 | 39,164 |
| Sundry deposits | 10,022 | 10,022 |
| Accruals | 27,582 | 27,587 |
| | 128,079 | 128,084 |
| Total trade and other payables | 150,818 | 150,823 |
| Add: Hire purchase payables (Note 5.2.4(l)) | 471 | 471 |
| Bank borrowings (Note 5.2.4(m)) | 73,254 | 156,354 |
| RCPS (Note 5.2.4(n)) | 33,483 | 33,483 |
| | 258,026 | 341,131 |

Trade Payables

The normal trade credit terms granted to the Titijaya Group ranges from 30 days to 90 days.

Amounts due to related parties

The amounts due to related parties are unsecured, interest free and are repayable on demand.

Deposits

The deposits are in relation to partial payment towards the sales of development properties. Included herein is an amount of RM1,750,500 being deposits received from a person connected to certain directors in relation to the sales of development properties.

Accruals

Included in the accruals are amounts totaling RM26,987,488 which represent costs accrued for the development projects undertaken by the Titijaya Group.



11. PROFORMA HISTORICAL FINANCIAL INFORMATION (Cont'd)

TITIJAYA LAND BERHAD
Proforma Consolidated Financial Information
5. PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF THE TITIJAYA GROUP (CONTINUED)
5.2 Notes to the Proforma Consolidated Statements of Financial Position of the Titijaya Group (Continued)
5.2.4 (Continued)
(q) Contingent Liabilities
(a) Corporate Guarantees

| As at the reporting date | As at 30 June 2013 Audited and Adjusted RM'000 |
|--|--|
| Corporate guarantees for credit facilities granted to related companies | 55,932 |

The said corporate guarantees were fully discharged subsequent to the report date.

(b) Legal Suits
(i) NPO Land

On 15 June 2010, NPO Development received from a writ of summons dated 2 June 2010 and statement of claim dated 17 May 2010 from a trade creditor in respect of an alleged outstanding architectural fees which are due and owing by NPO Development amounting to RM2,980,575 in respect of certain proposed projects. NPO Development had filed the statement of defence dated 21 July 2010 to dispute the amount of fees claimed contending that the sum claimed is not in accordance with the agreed fees and the work done is not up to the stage indicated in the respective bills.

On 23 August 2010, the said trade creditor had made an application to amend the name of the defendant from NPO Development to NPO Land. The court has granted the permission for the said trade creditor and NPO Land to amend the statement of claim and statement of defence on 23 September 2010 and 29 November 2011 respectively.

The matter was fixed for mediation on 17 July 2012 and the said trade creditor was directed to forward all the relevant documents to substantiate its claim against NPO Land. The mediation before the High Court Judge which was fixed on 6 November 2012 had failed and the parties were directed to proceed with case management scheduled on 28 November 2012. On the said date, the matter was fixed for full trial on 18 March 2013 and 19 March 2013. Subsequently on 10 January 2013, the High Court had struck out the said trade creditor's claim with no liberty to file afresh together with costs of RM5,000 paid by the said trade creditor to NPO Land. The said trade creditor may proceed to continue the matter by arbitration but as at to-date, no formal notice has been issued.



11. PROFORMA HISTORICAL FINANCIAL INFORMATION (Cont'd)**TITIJAYA LAND BERHAD**
Proforma Consolidated Financial Information**5. PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF THE TITIJAYA GROUP (CONTINUED)****5.2 Notes to the Proforma Consolidated Statements of Financial Position of the Titijaya Group (Continued)****5.2.4 (Continued)****(q) Contingent Liabilities (Continued)****(b) Legal Suits (Continued)****(i) NPO Land (Continued)**

Based on the above, the management of NPO Land is of the opinion that the claim is not in accordance with the agreed fees and the work done is not up to the state indicated in the respective bills. Accordingly, no provision for liabilities was made by NPO Land.

(ii) Sendi Bangga

On 22 August 2013, Sendi Bangga received from a writ of summons and statement of claim from a nominated sub-contractor of Sendi Bangga's trade creditor for a breach of collateral contract. The sub-contractor alleged that it has suffered loss and damage and thereby claims against Sendi Bangga.

Sendi Bangga filed its defence by and striking out application on 19 September 2013. As at the date of this report, the trial dates have been fixed from 8 January 2014 to 10 January 2014.

The management is of the opinion that the claim is not valid as the nominated sub-contractor has no contractual relationship with Sendi Bangga. Accordingly, no provision for liabilities was made.

(r) Capital Commitments

| | As at 30 June 2013 | |
|--|---------------------------|----------------------------|
| | Audited RM'000 | Adjusted RM'000 |
| Approved and contracted but not provided for | | |
| - Land held for property development | | |
| Purchase consideration | 127,103 | 5,570 |
| Less: Deposits paid (Note 5.2.4(g)) | (30,626) | (1,032) |
| Capital commitments | <u>96,477</u> | <u>4,538</u> |

In addition, a subsidiary company had granted a promotion scheme to various buyers whereby the said subsidiary company will bear the first year service charges of the buyers upon the completion of the related development properties. As at the date of this report, the related commitments are totalling RM1,905,599.



11. PROFORMA HISTORICAL FINANCIAL INFORMATION (Cont'd)

TITIJAYA LAND BERHAD
Proforma Consolidated Financial Information
**5. PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF THE
TITIJAYA GROUP (CONTINUED)**
**5.2 Notes to the Proforma Consolidated Statements of Financial Position of the
Titijaya Group (Continued)**
5.2.4 (Continued)
(s) Financial Instruments
(i) Financial Risk Management and Objectives

The Titijaya Group is exposed to financial risks arising from their operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk and interest rate risk.

The directors of Titijaya Group review and agree policies and procedures for the management of these risks.

The following sections provide details regarding Titijaya Group's exposure to the abovementioned financial risks and the objectives, policies and processes for the management of these risks.

(a) Credit Risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Titijaya Group's exposure to credit risk arises primarily from trade and other receivables.

The Titijaya Group's objective is to seek continual revenue growth while minimising losses incurred due to increase credit risk exposure. Receivable balances are monitored on an ongoing basis with the result that the Titijaya Group's exposure to bad debts is not significant.

Exposure to credit risk

At the reporting date, the Titijaya Group's maximum exposure to the credit risk is represented by the carrying amount of each class of financial assets recognised in the proforma consolidated statements of financial position.

Information regarding credit enhancements for trade and other receivables is disclosed in Note 5.2.4(g).

Receivables that are neither past due nor impaired

Information regarding trade receivables that are neither past due nor impaired is disclosed in Note 5.2.4(g).

Receivables that are past due but not impaired

Information regarding trade receivables that are past due but not impaired is disclosed in Note 5.2.4(g).

Credit risk concentration profile

The Titijaya Group does not have any significant exposure to individual customer.



11. PROFORMA HISTORICAL FINANCIAL INFORMATION (Cont'd)

TITIJAYA LAND BERHAD**Proforma Consolidated Financial Information**

5. PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF THE TITIJAYA GROUP (CONTINUED)

5.2 Notes to the Proforma Consolidated Statements of Financial Position of the Titijaya Group (Continued)

5.2.4 (Continued)

(s) Financial Instruments (Continued)

(i) Financial Risk Management and Objectives (Continued)

(b) Liquidity Risk

Liquidity risk is the risk that the Titijaya Group will encounter difficulty in meeting financial obligations due to shortage of funds. The Titijaya Group's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and financial liabilities.

At the reporting date, approximately 28% of the Titijaya Group's loans and borrowings, as disclosed in Notes 5.2.4(l), 5.2.4(m) and 5.2.4(n), will mature in less than one year based on the carrying amounts reflected in the proforma consolidated statements of financial position.

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Titijaya Group's liabilities at the reporting date based on the contractual undiscounted repayment obligations:-

| As at 30 June 2013 | On demand or within one year RM'000 | Within one to five years RM'000 | More than five years RM'000 | Total RM'000 |
|--|--|--|-----------------------------------|-----------------|
| Audited | | | | |
| Trade payables | 22,739 | - | - | 22,739 |
| Other payables, deposits and accruals | 128,079 | - | - | 128,079 |
| Hire purchase payables | 178 | 331 | - | 509 |
| Borrowings | 31,699 | 37,810 | 10,978 | 80,487 |
| RCPS | - | 33,483 | - | 33,483 |
| | <u>182,695</u> | <u>71,624</u> | <u>10,978</u> | <u>265,297</u> |
| Adjusted | | | | |
| Trade payables | 22,739 | - | - | 22,739 |
| Other payables, deposits and accruals | 128,084 | - | - | 128,084 |
| Hire purchase payables | 178 | 331 | - | 509 |
| Borrowings | 31,699 | 120,910 | 10,978 | 163,587 |
| RCPS | - | 33,483 | - | 33,483 |
| | <u>182,700</u> | <u>154,724</u> | <u>10,978</u> | <u>348,402</u> |



11. PROFORMA HISTORICAL FINANCIAL INFORMATION (Cont'd)

TITIJAYA LAND BERHAD
Proforma Consolidated Financial Information5. PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF THE
TITIJAYA GROUP (CONTINUED)5.2 Notes to the Proforma Consolidated Statements of Financial Position of the
Titijaya Group (Continued)

5.2.4 (Continued)

(r) Financial Instruments (Continued)

(i) Financial Risk Management and Objectives (Continued)

(c) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of the Titijaya Group's financial instruments will fluctuate because of changes in market interest rates.

The Titijaya Group's exposure to interest rate risk arises primarily from their loans and borrowings and cash deposits placed with the financial institutions. Most of the Titijaya Group's loans and borrowings are charged a fixed spread above the financial institutions' base lending rate per annum. The spread rate is reviewed annually. Whilst, the base lending rate and cost of fund used by the financial institutions vary according to the rates set by Bank Negara Malaysia. Meanwhile, interest rates charged on hire purchase are fixed at the inception of the hire purchase arrangements.

For interest income from cash deposits, the Titijaya Group managed the interest rate risks by placing cash deposits with reputable financial institutions with varying maturities and interest rate terms.

Interest rate sensitivity analysis

The table below demonstrates the sensitivity to a reasonably possible change in interest rates with all other variables held constant, of the Titijaya Group's profit after tax:-

| Audited | As at 30 June 2013 RM'000 | Movement in basis point | Effect on profit after tax RM'000 |
|--|--|--|--|
| Fixed deposits placed with licensed banks | 3,698 | 0.50% | 14 |
| Bank borrowings | 73,254 | 0.50% | 275 |
| Adjusted | | | |
| Fixed deposits placed with licensed banks | 3,698 | 0.50% | 14 |
| Bank borrowings | 156,354 | 0.50% | 586 |

The profit after tax will be higher/lower when the interest rates decrease/increase.



11. PROFORMA HISTORICAL FINANCIAL INFORMATION (Cont'd)

TITIJAYA LAND BERHAD
Proforma Consolidated Financial Information
**5. PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF THE
TITIJAYA GROUP (CONTINUED)**
**5.2 Notes to the Proforma Consolidated Statements of Financial Position of the
Titijaya Group (Continued)**
5.2.4 (Continued)
(r) Financial Instruments (Continued)
(i) Financial Risk Management and Objectives (Continued)
(d) Foreign currency risk

The Titijaya Group is not exposed to currency risk as the value of financial instruments will not fluctuate due to changes in foreign exchange rates.

(ii) Fair Values
(a) Recognised Financial Instruments

The fair values of financial assets and financial liabilities of the Titijaya Group approximate their carrying values on the proforma consolidated statements of financial position of the Titijaya Group.

(b) Unrecognised Financial Instruments

Fair value of other investments is determined directly by reference to their published market closing price at the reporting date.

The Titijaya Group's financial instruments carried at fair value by level of fair value hierarchy in which the different levels have been defined as follows:

- Level 1 : Unadjusted quoted prices in active markets for identical financial instrument
- Level 2 : Inputs other than quoted prices included within Level 1 that are observable for the financial instrument, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- Lever 3 : Inputs for the financial instrument that are not based on observable market data

The other investments of the Titijaya Group amounting to RM5,478 is measured at Level 1 hierarchy.

The Titijaya Group does not have any financial assets or financial liabilities measured at Levels 2 and 3 hierarchy.



11. PROFORMA HISTORICAL FINANCIAL INFORMATION (Cont'd)**TITIJAYA LAND BERHAD**
Proforma Consolidated Financial Information**5. PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF THE TITIJAYA GROUP (CONTINUED)****5.2 Notes to the Proforma Consolidated Statements of Financial Position of the Titijaya Group (Continued)****5.2.4 (Continued)****(r) Financial Instruments (Continued)****(ii) Fair Values (Continued)****(b) Unrecognised Financial Instruments (Continued)**

The nominal/notional amount and net fair value of contingent liabilities as disclosed in Note 5.2.4(q) are not recognised in the proforma consolidated statements of financial position as at 30 June 2013 as it was not practicable to make a reliable estimate due to the uncertainties of timing, costs and eventual outcome.

There were no other unrecognised financial instruments as at 30 June 2013 that are required to be disclosed.

(s) Proforma Net Assets

| | As at 30 June 2013 | |
|--|---------------------------|----------------------------|
| | Audited RM'000 | Adjusted RM'000 |
| Total liabilities | 392,742 | 475,847 |
| Equity attributable to the owner of Titijaya | 201,123 | 201,123 |
| Debt-to-equity ratio | 195.3% | 236.6% |

[^] Number of Titijaya Shares before the Public Issue as described in Note 2.1 of the proforma consolidated financial information.



11. PROFORMA HISTORICAL FINANCIAL INFORMATION (Cont'd)

TITIJAYA LAND BERHAD**Proforma Consolidated Financial Information****6. PROFORMA CONSOLIDATED STATEMENTS OF CASH FLOWS OF THE TITIJAYA GROUP**

- 6.1 The proforma consolidated statements of cash flows of the Titijaya Group as set out below, for which the directors are solely responsible, have been prepared for illustrative purposes only, to show the effects on the proforma consolidated statement of cash flows of the Titijaya Group for the FYE 2013 and adjusted for the transactions as described in Note 3.7 and before the Public Issue as described in Note 2.1 of the proforma consolidated financial information been effected on that date, and the Titijaya Group had been in existence throughout the financial year under review, and should be read in conjunction with the notes accompanying thereto.

| | | Proforma Group | |
|--|--|-------------------------|-------------------|
| | | FYE 30 June 2013 | |
| | | Audited | Adjusted * |
| | | RM'000 | RM'000 |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Profit before tax | | 71,032 | 71,027 |
| Adjustments for:- | | | |
| Depreciation | | 363 | 363 |
| Development expenditure written off | | 25 | 25 |
| Interest expenses | | 1,306 | 1,306 |
| Interest income | | (381) | (381) |
| Dividend income | | * | * |
| Interest income from compulsory acquisition of land | | (847) | (847) |
| Waiver of interest income | | 45 | 45 |
| Operating profit before working capital changes | | 71,543 | 71,538 |
| Changes In Working Capital | | | |
| Decrease in inventories | | 1,825 | 1,825 |
| Increase in trade and other receivables | | (82,771) | (82,771) |
| Increase in trade and other payables | | 49,003 | 49,008 |
| Increase in property development costs | | (15,130) | (15,130) |
| Net cash generated from operations | | 24,470 | 24,470 |
| Tax refund | | 348 | 348 |
| Interest paid | | (366) | (366) |
| Interests received | | 381 | 381 |
| Income tax paid | | (17,139) | (17,139) |
| Net Operating Cash Flows | | 7,694 | 7,694 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Interest received for compensation on compulsory acquisition of land | | 847 | 847 |
| Deposits paid for acquisition of land held for property development | | (11,364) | - |
| Land held for property development costs incurred | | (3,459) | (106,762) |
| Purchase of property, plant and equipment | | (51) | (51) |
| Dividend received | | # | # |
| Net Investing Cash Flows | | (14,027) | (105,966) |

* (RM142)

RM122



11. PROFORMA HISTORICAL FINANCIAL INFORMATION (Cont'd)**TITIJAYA LAND BERHAD**
Proforma Consolidated Financial Information**6. PROFORMA CONSOLIDATED STATEMENTS OF CASH FLOWS OF THE TITIJAYA GROUP (Continued)****6.1 (Continued)**

| | | Proforma Group FYE 30 June 2013 | |
|---|----------|------------------------------------|----------------------|
| | | Audited RM'000 | Adjusted * RM'000 |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Fixed deposits pledged for security values | (593) | (593) | |
| Interests paid | (5,750) | (5,750) | |
| Net changes in amount due from/to related parties | 26,579 | 26,579 | |
| Drawdown of borrowings | 16,880 | 99,980 | |
| Repayment on borrowings | (29,610) | (29,610) | |
| Repayment of hire purchase payables | (150) | (150) | |
| Net Financing Cash Flows | 7,356 | 90,456 | |
| NET CHANGE IN CASH AND CASH EQUIVALENTS | 1,023 | (7,816) | |
| CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR | 11,023 | 11,023 | |
| CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR | 12,046 | 3,207 | |
| ANALYSIS OF CASH AND CASH EQUIVALENTS | | | |
| Cash and bank balances | 26,435 | 17,596 | |
| Fixed deposits placed with licensed banks | 3,698 | 3,698 | |
| Bank overdrafts | (14,389) | (14,389) | |
| | 15,744 | 6,905 | |
| Less: Fixed deposits held as security values | (3,698) | (3,698) | |
| | 12,046 | 3,207 | |
| NON-CASH INVESTING ACTIVITY | | | |
| Transfer from inventories to investment properties | 3,778 | 3,778 | |

* After adjusted for the Acquisition of Companies and Acquisition of Epoch Property's Land as detailed in Note 3.7.

6.2.1 Basis of Preparation and Consolidation

The proforma consolidated statements of cash flows of the Titijaya Group are prepared for illustrative purposes only and have been presented on the assumption that the Titijaya Group has been in existence at the beginning of the financial year under review. The proforma consolidated statements of cash flows has been prepared based on the audited financial statements of the Titijaya Group as mentioned in Note 3.2, unless otherwise stated.

6.2.2 All inter-company cash flows movements are eliminated on consolidation.

11. PROFORMA HISTORICAL FINANCIAL INFORMATION (Cont'd)**TITIJAYA LAND BERHAD**
Proforma Consolidated Financial Information**7. PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

7.1 The proforma consolidated statements of financial position of the Titijaya Group as set out below, for which the directors are solely responsible, have been prepared for illustrative purposes only, to show the effects on the audited consolidated statement of financial position of Titijaya as at 30 June 2013 had the transactions as described in Note 3.7, the Public Issue and the utilisation of listing proceeds as described in Notes 2.1 and 7.2.3 of the proforma consolidated financial information respectively been effected on that date, and should be read in conjunction with the notes accompanying thereto.

| | Audited Consolidated Statement of Financial Position As at 30 June 2013 RM'000 | Proforma I After the Acquisitions of Companies and the Acquisition of Epoch Property's Land RM'000 | Proforma II After I and the Public Issue RM'000 | Proforma III After II and the Utilisation of Proceeds RM'000 | Proforma IV After III and Assuming Full Conversion of RCPS RM'000 |
|---|---|--|--|---|--|
| Non-current assets | | | | | |
| Property, plant and equipment | 4,327 | 4,327 | 4,327 | 4,327 | 4,327 |
| Investment properties | 76,506 | 76,506 | 76,506 | 76,506 | 76,506 |
| Land held for property development | 165,145 | 286,678 | 286,678 | 316,678 | 316,678 |
| Other investments | 5 | 5 | 5 | 5 | 5 |
| Goodwill on consolidation | 1,596 | 1,601 | 1,601 | 1,601 | 1,601 |
| Total non-current assets | 247,579 | 369,117 | 369,117 | 399,117 | 399,117 |
| Current assets | | | | | |
| Property development costs | 158,708 | 158,708 | 158,708 | 158,708 | 158,708 |
| Inventories | 14,146 | 14,146 | 14,146 | 14,146 | 14,146 |
| Trade and other receivables | 61,903 | 32,309 | 32,309 | 32,309 | 32,309 |
| Accrued billings in respect of property development costs | 78,807 | 78,807 | 78,807 | 78,807 | 78,807 |
| Tax recoverable | 2,589 | 2,589 | 2,589 | 2,589 | 2,589 |
| Fixed deposits with licensed banks | 3,698 | 3,698 | 3,698 | 3,698 | 3,698 |
| Cash and bank balances | 26,435 | 17,596 | 140,154 | 67,054 | 67,054 |
| Total current assets | 346,286 | 307,853 | 430,411 | 357,311 | 357,311 |
| TOTAL ASSETS | 593,865 | 676,970 | 799,528 | 756,428 | 756,428 |
| EQUITY AND LIABILITIES | | | | | |
| Equity attributable to owner of Titijaya | | | | | |
| Share capital | 129,148 | 129,148 | 170,000 | 170,000 | 186,667 |
| Share premium | - | - | 81,706 | 79,256 | 112,589 |
| RCPS - equity component | 12,388 | 12,388 | 12,388 | 12,388 | - |
| Reserve arising from reverse acquisition | (47,426) | (47,426) | (47,426) | (47,426) | (47,426) |
| Retained earnings | 107,013 | 107,013 | 107,013 | 105,663 | 105,663 |
| Total equity | 201,123 | 201,123 | 323,681 | 319,881 | 357,493 |



11. PROFORMA HISTORICAL FINANCIAL INFORMATION (Cont'd)

TITIJAYA LAND BERHAD
Proforma Consolidated Financial Information
7. PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Continued)

7.1 (Continued)

| | | Proforma I | Proforma II | Proforma III | Proforma IV |
|--|--|---|-------------------------------------|---|---|
| | Audited Consolidated Statement of Financial Position As at 30 June 2013 RM'000 | After the Acquisitions of Companies and the Acquisition of Epoch Property's Land RM'000 | After I and the Public Issue RM'000 | After II and the Utilisation of Proceeds RM'000 | After III and Assuming Full Conversion of RCPS RM'000 |
| Non-current liabilities | | | | | |
| Hire purchase payables | 313 | 313 | 313 | 313 | 313 |
| Bank borrowings | 43,915 | 127,015 | 127,015 | 127,015 | 127,015 |
| RCPS - liability component | 33,483 | 33,483 | 33,483 | 33,483 | - |
| Deferred tax liabilities | 39,499 | 39,499 | 39,499 | 39,499 | 35,370 |
| Total non-current liabilities | 117,210 | 200,310 | 200,310 | 200,310 | 162,698 |
| Current liabilities | | | | | |
| Trade and other payables | 150,818 | 150,823 | 150,823 | 126,523 | 126,523 |
| Progress billings in respect of property development costs | 89,460 | 89,460 | 89,460 | 89,460 | 89,460 |
| Hire purchase payables | 158 | 158 | 158 | 158 | 158 |
| Bank borrowings | 29,339 | 29,339 | 29,339 | 14,339 | 14,339 |
| Current tax payable | 5,757 | 5,757 | 5,757 | 5,757 | 5,757 |
| Total current liabilities | 275,532 | 275,537 | 275,537 | 236,237 | 236,237 |
| Total liabilities | 392,742 | 475,847 | 475,847 | 436,547 | 398,935 |
| TOTAL EQUITY AND LIABILITIES | 593,865 | 676,970 | 799,528 | 756,428 | 756,428 |
| Number of Titijaya Shares in issue ('000) | 258,295 | 258,295 | 340,000 | 340,000 | 373,333 |
| Net assets ("NA") (RM'000)* | 201,123 | 201,123 | 323,681 | 319,881 | 357,493 |
| NA per Titijaya Share (RM) | 0.78 | 0.78 | 0.95 | 0.94 | 0.96 |
| Net Tangible Assets ("NTA") (RM'000)* | 199,527 | 199,522 | 322,080 | 318,280 | 355,892 |
| NTA per Titijaya Share (RM) | 0.77 | 0.77 | 0.95 | 0.94 | 0.95 |



11. PROFORMA HISTORICAL FINANCIAL INFORMATION (Cont'd)

TITIJAYA LAND BERHAD
Proforma Consolidated Financial Information
7. PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Continued)

7.2 Notes to the proforma consolidated statements of financial position are as follows:-

7.2.1 Basis of Preparation

The proforma consolidated statements of financial position of the Titijaya Group are prepared for illustrative purposes only, to show the effects on the audited consolidated statement of financial position of Titijaya as at 30 June 2013, had the transactions as described in Note 3.7, the Public Issue and the utilisation of listing proceeds as described in Notes 2.1 and 7.2.3 of the proforma consolidated financial information respectively been effected on that date. The proforma consolidated statements of financial position have been prepared based on the audited financial statements of the Titijaya Group as mentioned in Note 3.2, unless otherwise stated.

7.2.2 The proforma consolidated statements of financial position of the Titijaya Group have been prepared in a manner consistent with both the format of the financial statements and the accounting policies adopted by Titijaya in the preparation of its audited consolidated financial statements for the FYE 2013, which have been prepared in accordance with the Financial Reporting Standards in Malaysia.

7.2.3 The proceeds from the Public Issue would be utilised in the following manner:-

| | RM'000 | % |
|---|----------------|---------------|
| Working capital | 49,458 | 40.35 |
| Repayment of bank borrowings | 15,000 | 12.24 |
| Repayment of previous shareholders advances for Epoch Property | 24,300 | 19.83 |
| Purchase of land bank | 30,000 | 24.48 |
| Defrayment of estimated listing expenses | 3,800 | 3.10 |
| | <u>122,558</u> | <u>100.00</u> |



11. PROFORMA HISTORICAL FINANCIAL INFORMATION (Cont'd)**TITIJAYA LAND BERHAD**
Proforma Consolidated Financial Information**7. PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (Continued)**

7.2.4 The proforma consolidated statements of financial position should be read in conjunction with the notes below:-

(a) Proforma I

Proforma I incorporate the cumulative effects of the audited consolidated statement of financial position of Titijaya as at 30 June 2013 and the Acquisitions of Companies and the Acquisition of Epoch Property's Land as described in Note 3.7.

The Acquisitions of Companies and the Acquisition of Epoch Property's Land as described in Note 3.7 have the following impacts on the audited consolidated statement of financial position of Titijaya Group:-

| | Increase/(Decrease) | |
|------------------------------------|----------------------------|--------------------------|
| | Effects on | Effects on |
| | Total Assets | Total Liabilities |
| | RM'000 | RM'000 |
| Goodwill on consolidation | 5 | - |
| Land held for property development | 121,533 | - |
| Trade and other receivables | (29,594) | - |
| Cash and bank balances | (8,839) | - |
| Trade and other payables | - | 5 |
| Borrowings - non-current | - | 83,100 |
| | 83,105 | 83,105 |

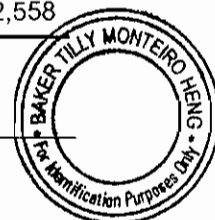
(b) Proforma II

Proforma II incorporates the cumulative effects of Proforma I and the Public Issue as described in Note 2.1 of the proforma consolidated financial information, at the issue price of RM1.50 per Titijaya Share.

The Offer for Sale has no impact on the proforma consolidated statements of financial position of the Titijaya Group.

The Public Issue has the following impact on the proforma consolidated statements of financial position of the Titijaya Group:-

| | Increase/(Decrease) | |
|------------------------|----------------------------|---------------------|
| | Effects on | Effects on |
| | Total Assets | Total Equity |
| | RM'000 | RM'000 |
| Cash and bank balances | 122,558 | - |
| Share capital | - | 40,852 |
| Share premium | - | 81,706 |
| | 122,558 | 122,558 |



11. PROFORMA HISTORICAL FINANCIAL INFORMATION (Cont'd)

TITIJAYA LAND BERHAD
Proforma Consolidated Financial Information
7. PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Continued)

7.2.4 (Continued)

(c) **Proforma III**

Proforma III incorporates the cumulative effects of Proforma II and the utilisation of proceeds from the Public Issue of RM122.558 million.

The proceeds expected from the Public Issue of RM122.558 million will be utilised in the manner as described in Note 7.2.3 of the proforma consolidated financial information.

The estimated expenses for the issuance of new Titijaya Shares of RM2.45 million will be written off against the Share Premium Account pursuant to Section 60(3) of the Companies Act, 1965. The remaining estimated expenses for the Listing of RM1.350 million will be debited to the Retained Earnings Account.

The proceeds arising from the Public Issue earmarked for the Titijaya Group's working capital purposes of RM49.458 million will be included in the Cash and Bank Balances Account.

The utilisation of proceeds has the following impact on the proforma consolidated statements of financial position of the Titijaya Group:-

| | Increase/(Decrease) | |
|------------------------------------|----------------------------|------------------------|
| | Effects on | Effects on |
| | Total Assets | Total Equity |
| | RM'000 | and Liabilities |
| | | RM'000 |
| Land held for property development | 30,000 | - |
| Cash and bank balances | (73,100) | - |
| Share premium | - | (2,450) |
| Retained earnings | - | (1,350) |
| Trade and other payables | - | (24,300) |
| Bank borrowings - current | - | (15,000) |
| | <u>(43,100)</u> | <u>(43,100)</u> |



11. PROFORMA HISTORICAL FINANCIAL INFORMATION (Cont'd)

TITIJAYA LAND BERHAD
Proforma Consolidated Financial Information
7. PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Continued)

7.2.4 (Continued)

(d) Proforma IV

Proforma VI incorporates the cumulative effects of Proforma III and the assumed full conversion of the RCPS.

The full conversion of RCPS has the following impact on the proforma consolidated statements of financial position of the Titijaya Group:-

| | Increase/ (Decrease) Effects on Total Equity and Liabilities RM'000 |
|----------------------------|--|
| Share capital | 16,667 |
| Share premium | 33,333 |
| RCPS - equity component | (12,388) |
| RCPS - liability component | (33,483) |
| Deferred tax liabilities | (4,129) |
| | <u>-</u> |



11. PROFORMA HISTORICAL FINANCIAL INFORMATION (Cont'd)

TITIJAYA LAND BERHAD
Proforma Consolidated Financial Information
7. PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Continued)

7.2.5 Movements in share capital and reserves are as follows:-

| | Share Capital RM'000 | Share Premium RM'000 | RCPS - Equity Component RM'000 | Reserve arising from Reverse Acquisition RM'000 | Retained Earnings RM'000 |
|---|----------------------------|----------------------------|---|---|--------------------------------|
| Audited consolidated statement of financial position of Titijaya as at 30 June 2013 | 129,148 | - | 12,388 | (47,426) | 107,013 |
| Arising from the Acquisitions of Companies and the Acquisition of Epoch Property's Land | - | - | - | - | - |
| Per Proforma I | 129,148 | - | 12,388 | (47,426) | 107,013 |
| Arising from the Public Issue | 40,852 | 81,706 | - | - | - |
| Per Proforma II | 170,000 | 81,706 | 12,388 | (47,426) | 107,013 |
| Arising from the utilisation of proceeds - defrayment of estimated listing expenses | - | (2,450) | - | - | (1,350) |
| Per Proforma III | 170,000 | 79,256 | 12,388 | (47,426) | 105,663 |
| Arising from the full conversion of RCPS | 16,667 | 33,333 | (12,388) | - | - |
| Per Proforma IV | 186,667 | 112,589 | - | (47,426) | 105,663 |



11. PROFORMA HISTORICAL FINANCIAL INFORMATION (Cont'd)

TITIJAYA LAND BERHAD
Proforma Consolidated Financial Information**7. PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**
(Continued)

7.2.6 Movements in cash and bank balances are as follows:-

| | RM'000 |
|--|----------|
| Audited consolidated statement of financial position of Titijaya as at 30 June 2013 | 26,435 |
| Arising from the Acquisitions of Companies and the Acquisition of Epoch Property's Land | ^ |
| - cash consideration for the Acquisition of Companies | 83,100 |
| - Drawdown of bank borrowings | (91,939) |
| - Payments paid for the Acquisition of Epoch Property's Land | 17,596 |
| Per Proforma I | 122,558 |
| Arising from the Public Issue | 140,154 |
| Per Proforma II | (30,000) |
| Arising from the utilisation of proceeds | (15,000) |
| - purchase of land bank | (24,300) |
| - repayment of bank borrowings of the Titijaya Group | (3,800) |
| - repayment of advances from the former shareholders of Epoch Property | 67,054 |
| - defrayment of estimated listing expenses | - |
| Per Proforma III * | 67,054 |
| Arising from the full conversion of RCPS | - |
| Per Proforma IV * | 67,054 |

^ RM4.00.

* Included in the cash and bank balances as per Proforma III and IV is an amount of RM49.458 million from the Public Issue earmarked for working capital purposes.



12. MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION, RESULTS OF OPERATIONS AND PROSPECTS

Investors should read the following discussion and analysis of our financial condition and results of operations in conjunction with the proforma consolidated financial information and the notes and assumptions included in the Reporting Accountants' Report on the Compilation of Proforma Consolidated Financial Information Included in a Prospectus as set out in Section 11.4 of this Prospectus and the Accountants' Report as set out in Section 13 of this Prospectus.

This discussion and analysis contains data derived from our audited financial statements as well as forward-looking statements that involve risks and uncertainties. The results may differ significantly from those projected in the forward-looking statements. Factors that may cause future results to differ significantly from those included in the forward-looking statements include, but are not limited to, those discussed below and elsewhere in this Prospectus, particularly the risk factors as set out in Section 4 of this Prospectus.

12.1 OVERVIEW

Revenue

We are principally involved in property development. We focus on residential, commercial and industrial developments. Further information on our property development projects is set out in Section 6.2 of this Prospectus.

Our business is subject to the overall performance of the property market in Malaysia as well as the local and international economic conditions. These factors will generally affect the supply and demand for properties, market pricing trends, disposable income level and standard of living.

In terms of business segments, we have three (3) contributors to our revenue which are sale of development properties, sale of completed properties and others which contributed 97.78%, 1.64% and 0.58% respectively towards our revenue for FYE 30 June 2013.

Our revenue recognition criteria are as follows:

- (a) Revenue generated from the sale of development properties is accounted for using the percentage of completion method. The stage of completion is determined by reference to the project costs incurred to-date over the total estimated costs where the outcome of the projects can be reliably estimated; and
- (b) Revenue generated from the sale of completed properties and land is accounted for in full upon signing and stamping of sale and purchase agreement;

Although our Group is not subject to any seasonal fluctuations, our Group's revenue is affected by several factors, such as properties supply and demand levels, property market pricing trends, standard of living, level of disposable income as well as the general economic, political and regulatory developments.

Our revenue is primarily dependent on the selling price, volume of properties sold and the progressive revenue recognition of our sales. Our properties are priced by benchmarking against properties of similar type, category, locality, quality as well as the supply and demand conditions for properties. Our established track record has allowed us to gain the confidence of investors. We differentiate our Group's property development projects such as First Subang, One SOHO (formerly known as Subang SOHO) and Subang Parkhomes, from the ones available in the market where our projects are located. The properties offered by our Group for these projects ranged from office/studio suites, SoHo units and low density low rise condominium units with lush landscaping in Subang Jaya. This resulted in an improvement in our Group's GP and GP margin during financial years under review.

12. MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION, RESULTS OF OPERATIONS AND PROSPECTS (*Cont'd*)

NPO Development was our Group's main contributor for FYE 30 June 2009 and FYE 30 June 2010 contributing 91.16% and 62.48% respectively to our Group's total revenue. For FYE 30 June 2011, FYE 30 June 2012 and FYE 30 June 2013, Sendi Bangga became our Group's main contributor to our Group's total revenue, contributing 52.35%, 77.75% and 81.46% respectively, having undertaken our Group's One SOHO (formerly known as Subang SOHO) and Subang Parkhomes property development projects.

Please also refer to Section 12.2.1 of this Prospectus for a segmental analysis of our Group's revenue for the past five (5) FYE 30 June 2009 to FYE 30 June 2013.

Cost of Sales

Cost of sales consists of land cost, one off payments made to Tenaga Nasional Berhad, Jabatan Bekalan Air Selangor for the connection of electricity and water supply and Indah Water Konsortium Sdn Bhd for the discharge of sewerage based on rates determined by the relevant authorities, land taxes, land premium, quit rent and assessment as well as property development expenditure such as infrastructure cost, building construction cost and interior furnishing cost, which are undertaken by our Group's third party contractors.

Over the years, we have established good business relationships with various third party contractors. Our Group's practice is to engage competent and competitive third party contractors to undertake our construction works. New contractors will go through pre-qualification interviews and tender interviews with our management in order for us to assess amongst others, the contractors' workmanship, reputation, staff strength, ethics, track record, financial strength, procurement ability, adequacy of machineries and pricing.

The time taken for various stages of property development work such as product development, authority submission and approvals, earthwork, piling, building construction, infrastructure construction, architecture works and interior design works are crucial to our revenue generation and cost recognition. Timely completion of each of the stages is essential to ensure the completion of projects according to the schedule and consequently, the revenue generation for each project.

Apart from the above, the property development expenditure incurred by our Group includes professional fees such as architects, town planners, engineers, quantity surveyors, designers and various professionals. As part of our project team, they are also involved in the overall process which includes product design, progress monitoring, quality control, workmanship monitoring and verification works. We constantly evaluate and monitor the performance of the professionals working with us to ensure timely completion of our projects.

Since the beginning, we have also built and established good relationships with various government authorities and utilities providers to ensure both timely approvals and utilities connections. Our project team will always monitor each and every project submission to the various departments to ensure approvals are obtained on time, if not earlier, as well as to ensure that all payment to the authorities for purposes such as development and building plan approvals, taxes and other costs have been taken into account.

Cost of sales constituted 83.57%, 71.14%, 68.16%, 60.59% and 51.81% of our Group's revenue for FYE 30 June 2009 to FYE 30 June 2013, respectively. Please refer to Section 12.2.1 of this Prospectus for the cost of sales analysis for the financial years under review.

12. MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION, RESULTS OF OPERATIONS AND PROSPECTS (*Cont'd*)

Other Income

Our other income comprises mainly forfeiture income, reimbursement income for administrative charges incurred in relation to end purchasers' request for additional and/or replacement documents, interest income from financial institutions, maintenance fee, interest income derived from purchasers on overdue payments, waiver of interest expenses, income from compulsory acquisition from the government, gain on disposal of investment properties and rental collections.

Other income constituted 1.38%, 16.02%, 2.69%, 11.30% and 1.05% of our Group's revenue for FYE 30 June 2009 to FYE 30 June 2013, respectively.

Selling and distribution expenses

Our selling and distribution expenses mainly comprise advertising and promotional expenses, referral fees, show room and sales office expenses, sales commissions to property agencies, sales incentives to purchasers and developer interest bearing scheme. Such expenses were incurred to promote our Group's property development projects and are incurred throughout the property development project.

Selling and distribution expenses constituted 2.03%, 2.19%, 2.34%, 6.25% and 5.53% of our Group's revenue for FYE 30 June 2009 to FYE 30 June 2013, respectively.

Administrative expenses

Administrative expenses mainly consist of office administrative expenses, directors' remunerations, legal fees, staff salaries and welfare, entertainment expenses as well as listing expenses.

Administrative expenses constituted 2.65%, 3.93%, 3.37%, 5.19% and 4.09% of our Group's revenue for FYE 30 June 2009 to FYE 30 June 2013, respectively.

Other expenses

Other expenses mainly consist of bad debts written off, depreciation, donations, office rental, quit rent, tax penalty, waiver of interest income, maintenance charges and liquidated ascertained damages.

Other expenses constituted 0.89%, 1.91%, 3.93%, 2.18% and 2.29% of our Group's revenue for FYE 30 June 2009 to FYE 30 June 2013, respectively.

Finance Costs

Finance costs are mainly interest charged for overdue payments and bank borrowings which consist of term loans, bank overdrafts and hire purchase facilities.

Finance costs constituted 0.32%, 4.64%, 2.59%, 0.53% and 0.67% of our Group's revenue for FYE 30 June 2009 to FYE 30 June 2013, respectively.

12. MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION, RESULTS OF OPERATIONS AND PROSPECTS (*Cont'd*)

Taxation

Taxation expenses comprise the current year provision for taxation, under or overprovision of taxation in the previous year and deferred taxation. For the past five (5) FYE 30 June 2009 to FYE 30 June 2013, the statutory tax rate applicable to our Group was 25.00%.

The following table sets out the comparison between our effective and statutory tax rate for the five (5) FYE 30 June 2009 to FYE 30 June 2013:

| | Proforma | | | | |
|--------------------|-------------|-------|-------|-------|-------|
| | Audited | | | | |
| | FYE 30 June | | | | |
| | 2009 | 2010 | 2011 | 2012 | 2013 |
| | % | % | % | % | % |
| Effective tax rate | 25.54 | 17.10 | 26.37 | 21.01 | 26.52 |
| Statutory tax rate | 25.00 | 25.00 | 25.00 | 25.00 | 25.00 |

Our effective tax rate, being tax expenses as a percentage of our PBT, was 25.54% for FYE 30 June 2009, which was slightly higher than the statutory tax rate of 25.00%. This was mainly due to certain expenses, such as donations, which are not deductible for tax reporting purposes.

For FYE 30 June 2010, our effective tax rate was 17.10% which was lower than the statutory rate of 25.00%, as a result of income from compensation received from compulsory acquisition by the government which was not taxable.

For FYE 30 June 2011, our effective tax rate of 26.37% was higher than the statutory rate of 25.00%, mainly due to a reclassification of completed units to property, plant and equipment which was deemed as disposal for tax reporting purposes. However, the profit from such deemed disposal is not recognised from an accounting perspective and as such is not included in our Group's PBT.

For FYE 30 June 2012, our effective tax rate of 21.01% was lower than the statutory rate of 25.00%, mainly due to gain on disposal of land which was subject to real property gains tax instead of income tax.

For FYE 30 June 2013, our effective tax rate of 26.52% was higher than the statutory rate of 25.00%, mainly due to listing expenses which were not deductible for tax reporting purposes as well as the reclassification of a completed unit from inventories to investment property which was deemed as disposal for tax reporting purposes. However, the profit from such deemed disposal is not recognised from an accounting perspective and as such is not included in our Group's PBT.

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12.2 RESULTS OF OPERATIONS

12.2.2.1 Segmental Analysis of Revenue and Cost of Sales

Revenue

(i) **By business segment**

Note:
* For FYE 30 June 2011, others consist of sale of vacant land and rental income while for FYE 30 June 2012 and FYE 30 June 2013, others consist of rental income only.

12. MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION, RESULTS OF OPERATIONS AND PROSPECTS (Cont'd)

(ii) By companies

| | 2009 | | | | 2010 | | | | 2011 | | | | 2012 | | | | 2013 | | | |
|--|--------|---|--------|---|--------|---|--------|---|--------|---|--------|---|--------|---|--------|---|--------|---|--|--|
| | RM'000 | % | RM'000 | % | RM'000 | % | RM'000 | % | RM'000 | % | RM'000 | % | RM'000 | % | RM'000 | % | RM'000 | % | | |
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Note:

[^] Inter-company elimination for FYE 30 June 2009 and FYE 30 June 2010 was in relation to joint development between NPO Development and Terbit Kelana for our Group's Klong Sentral Commercial Centre project. For FYE 30 June 2012 and FYE 30 June 2013, the inter-company elimination was in relation to joint development between NPO Development and Pin Hwa for our Group's The Galleria project.

12. MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION, RESULTS OF OPERATIONS AND PROSPECTS (Cont'd)

(iii) By Projects

| | 2009 | | | 2010 | | | 2011 | | | 2012 | | | 2013 | | |
|---|----------|--------|---|---------|--------|---------|-------------|---------|--------|---------|--------|---|--------|---|---|
| | RM'000 | | | RM'000 | | | RM'000 | | | RM'000 | | | RM'000 | | |
| | % | | | % | | | % | | | % | | | % | | |
| | Proforma | | | Audited | | | FYE 30 June | | | | | | | | |
| | RM'000 | | | RM'000 | | | RM'000 | | | RM'000 | | | RM'000 | | |
| Mutiara Bukit Raja | - | - | - | 450 | 0.44 | 558 | 0.41 | - | - | - | - | - | - | - | - |
| Klang Sentral Commercial Centre | 61,703 | 40.83 | - | 7,355 | 7.22 | 5,736 | 4.18 | 3,585 | 3.03 | 1,357 | 0.70 | - | - | - | - |
| Mutiara Point Business Park (Phase 1) | 6,274 | 4.15 | - | (390)^ | (0.38) | 116 | 0.08 | 1,152 | 0.97 | - | - | - | - | - | - |
| Tiara Square Business Centre | 13,359 | 8.84 | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Casa Tiara Serviced Suites | 19,689 | 13.03 | - | 1,365 | 1.34 | 985 | 0.72 | - | - | - | - | - | - | - | - |
| First Subang | 54,805 | 36.27 | - | 54,568 | 53.59 | 53,560 | 39.04 | 8,983 | 7.60 | 1,467 | 0.76 | - | - | - | - |
| One SOHO (formerly known as Subang SOHO) | - | - | - | 38,212 | 37.52 | 55,126 | 40.19 | 27,780 | 23.49 | 362 | 0.19 | - | - | - | - |
| Subang Parkhomes (Phase 1 and Phase 2) | - | - | - | - | - | - | - | 64,158 | 54.26 | 157,489 | 81.27 | - | - | - | - |
| Seri Alam Industrial Park (Phase 1 and Phase 2) | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Zone Innovation Park @ Sungai Kapar Indah (Phase 1 and Phase 2) | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| The Galleria | - | - | - | - | - | - | - | 7,808 | 6.60 | 28,354 | 14.63 | - | - | - | - |
| 3Elements (Phase 1) | - | - | - | - | - | - | - | 6,078 | 5.14 | 10,541 | 5.44 | - | - | - | - |
| Others* | - | - | - | - | - | 4,419 | 3.22 | 614 | 0.52 | 1,116 | 0.58 | - | - | - | - |
| | 155,830 | 103.12 | - | 101,560 | 99.73 | 137,182 | 100.00 | 120,158 | 101.61 | 200,686 | 103.57 | - | - | - | - |
| | (4,718) | (3.12) | - | 271 | 0.27 | - | - | (1,906) | (1.61) | (6,920) | (3.57) | - | - | - | - |
| Less: Inter-company elimination^ | 151,112 | 100.00 | - | 101,831 | 100.00 | 137,182 | 100.00 | 118,252 | 100.00 | 193,766 | 100.00 | - | - | - | - |
| Total | 151,112 | 100.00 | - | 101,831 | 100.00 | 137,182 | 100.00 | 118,252 | 100.00 | 193,766 | 100.00 | - | - | - | - |

Notes:

- ^ Inter-company elimination for FYE 30 June 2009 and FYE 30 June 2010 was in relation to joint development between NPO Development and Terbit Kelana for our Group's Klang Sentral Commercial Centre project. For FYE 30 June 2012 and FYE 30 June 2013, the inter-company elimination was in relation to joint development between NPO Development and Pin Hwa for our Group's The Galleria project.
- * For FYE 30 June 2011, others consist of sale of vacant land and rental income while for FYE 30 June 2012 and FYE 30 June 2013, others consist of rental income only.
- ^^ Due to the termination of a sale and purchase agreement as the purchaser was unable to settle the balance of the purchase consideration.

12. MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION, RESULTS OF OPERATIONS AND PROSPECTS (*Cont'd*)

Commentaries on revenue:

FYE 30 June 2009

Our Group's revenue decreased by RM6.35 million from RM157.46 million in FYE 30 June 2008 to RM151.11 million in FYE 30 June 2009, representing a decrease of 4.03%. The decrease was mainly due to:

- Decrease in revenue recognised from our Group's Casa Tiara Serviced Suites project by RM48.27 million from RM67.96 million in FYE 30 June 2008 to RM19.69 million in FYE 30 June 2009. This was due to the completion of Casa Tiara Serviced Suites project in the first half of 2008; and
- Decrease in contribution from Mutiara Point Business Park (Phase 1), Tiara Square Business Centre and Klang Sentral Commercial Centre projects. The decrease in contribution from Mutiara Point Business Park (Phase 1) and Tiara Square Business Centre projects were due to their completion during FYE 30 June 2008 whereas the Klang Sentral Commercial Centre project was completed in the second half of 2008.

Revenue contribution from Mutiara Point Business Park (Phase 1) projects decreased by RM5.48 million from RM11.75 million in FYE 30 June 2008 to RM6.27 million in FYE 30 June 2009. Revenue contribution from Tiara Square Business Centre and Klang Sentral Commercial Centre projects decreased by RM4.05 million and RM4.74 million respectively from RM17.41 million and RM66.44 million respectively in FYE 30 June 2008 to RM13.36 million and RM61.70 million respectively in FYE 30 June 2009.

The decrease in the above projects were partially offset by our Group's revenue derived from the First Subang project in FYE 30 June 2009 amounting to RM54.81 million. Prior to FYE 30 June 2009, the First Subang project was still in its preliminary construction stage and, as such, no revenue was recognised.

For FYE 30 June 2009, our Group's revenue was mainly attributed to the Klang Sentral Commercial Centre and First Subang projects which made up 40.83% and 36.27% of our Group's revenue respectively.

FYE 30 June 2010

Our Group's revenue decreased by RM49.28 million from RM151.11 million in FYE 30 June 2009 to RM101.83 million in FYE 30 June 2010, representing a decrease of 32.61%. The decrease was mainly due to:

- the completion of three (3) projects, namely:
 - (i) Casa Tiara Serviced Suites, which was completed in the first half of 2008. Casa Tiara Serviced Suites, which were not fully taken up, recorded revenue of RM1.37 million in FYE 30 June 2010 due to the sales of three (3) completed units. This represents a decrease in revenue contribution from Casa Tiara Serviced Suites for FYE 30 June 2010 of RM18.32 million from RM19.69 million in FYE 30 June 2009;
 - (ii) Tiara Square Business Centre, which was completed during FYE 30 June 2008 and its remaining revenue was recognised in FYE 30 June 2009. As such, there was no revenue recognised for the said project in FYE 30 June 2010; and

12. MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION, RESULTS OF OPERATIONS AND PROSPECTS (*Cont'd*)

(iii) Klang Sentral Commercial Centre, which was completed in the second half of 2008. Klang Sentral Commercial Centre, which was not fully taken up, recorded revenue of RM7.36 million in FYE 30 June 2010 due to the sales of 29 completed units. This represents a decrease in revenue contribution from Klang Sentral Commercial Centre for FYE 30 June 2010 of RM54.34 million from RM61.70 million in FYE 30 June 2009.

- There were no sales recorded for Mutiara Point Business Park (Phase 1) project for FYE 30 June 2010, which also contributed to the decreased in revenue.

In addition, the less favourable economic conditions which began in the second half of 2008 resulted in the deferment of some of our Group's property project launches, which in turn affected our revenue for FYE 30 June 2010.

Nonetheless, during FYE 30 June 2010, we commenced the development of our One SOHO (formerly known as Subang SOHO) project which contributed RM38.21 million of our Group's revenue for FYE 30 June 2010. Prior to FYE 30 June 2010, the One SOHO (formerly known as Subang SOHO) project was still in its preliminary construction stage and, as such, no revenue was recognised.

For FYE 30 June 2010, our Group's revenue was mainly attributed to the First Subang and One SOHO (formerly known as Subang SOHO) projects which made up 53.59% and 37.52% of our Group's revenue respectively.

FYE 30 June 2011

Our Group's revenue increased by RM35.35 million from RM101.83 million in FYE 30 June 2010 to RM137.18 million in FYE 30 June 2011, representing an increase of 34.71%. The increase was mainly due to:

- Increase in revenue recognised for One SOHO (formerly known as Subang SOHO) project by RM16.92 million from RM38.21 million in FYE 30 June 2010 to RM55.13 million in FYE 30 June 2011;
- Increase in revenue due to the commencement of Subang Parkhomes project which contributed RM16.68 million in FYE 30 June 2011; and
- Our Group has also sold two (2) parcels of vacant land amounting to RM4.34 million, which also contributed to the increase in our Group's revenue for FYE 30 June 2011.

For FYE 30 June 2011, our Group's revenue was mainly attributed to the First Subang and One SOHO (formerly known as Subang SOHO) projects which made up 39.04% and 40.19% of our Group's revenue respectively.

FYE 30 June 2012

Our Group's revenue decreased by RM18.93 million from RM137.18 million in FYE 30 June 2011 to RM118.25 million in FYE 30 June 2012, representing a decrease of 13.80%. The decrease was mainly due to:

- Completion of First Subang project in the first half of 2011, which resulted in a decrease of RM44.58 million from RM53.56 million in FYE 30 June 2011 to RM8.98 million in FYE 30 June 2012; and

12. MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION, RESULTS OF OPERATIONS AND PROSPECTS (*Cont'd*)

- Decrease in revenue from One SOHO (formerly known as Subang SOHO) project which was completed during the financial year by RM27.35 million from RM55.13 million in FYE 30 June 2011 to RM27.78 million in FYE 30 June 2012.

For FYE 30 June 2012, revenue from sale of completed units was mainly attributable from First Subang and Klang Sentral Commercial Centre projects as a result of the sale of 15 and 19 completed units respectively.

The decrease in revenue was partially offset by:

- The on-going development of Subang Parkhomes project which contributed an increase of RM47.48 million from RM16.68 million in FYE 30 June 2011 to RM64.16 million in FYE 30 June 2012; and
- Commencement of The Galleria and 3Elements projects which contributed RM7.81 million and RM6.08 million respectively.

For FYE 30 June 2012, our Group's revenue was mainly attributed to the Subang Parkhomes and One SOHO (formerly known as Subang SOHO) projects which made up 54.26% and 23.49% of our Group's revenue respectively.

FYE 30 June 2013

Our Group's revenue increased by RM75.52 million from RM118.25 million in FYE 30 June 2012 to RM193.77 million in FYE 30 June 2013, representing an increase of 63.86%. The increase was mainly due to:

- Increase in revenue recognised for Subang Parkhomes project by RM93.33 million from RM64.16 million in FYE 30 June 2012 to RM157.49 million in FYE 30 June 2013; and
- Increase in revenue recognised for our on-going development of The Galleria project by RM20.54 million from RM7.81 million in FYE 30 June 2012 to RM28.35 million in FYE 30 June 2013.

The increase in revenue was partially offset by the following:

- Decrease in revenue for One SOHO (formerly known as Subang SOHO) project by RM27.42 million from RM27.78 million in FYE 30 June 2012 to RM0.36 million in FYE 30 June 2013 as the project was completed in FYE 30 June 2012. The revenue for FYE 30 June 2013 was derived from sale of one (1) completed unit.
- Decrease in revenue for First Subang project by RM7.51 million from RM8.98 million in FYE 30 June 2012 to RM1.47 million in FYE 30 June 2013 which was mainly due to the sale of three (3) completed units were sold in FYE 30 June 2013 as compared to 15 completed units sold in FYE 30 June 2012.

For FYE 30 June 2013, our Group's revenue was mainly attributed to the Subang Parkhomes and The Galleria projects which made up 81.27% and 14.63% of our Group's revenue respectively.

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12. MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION, RESULTS OF OPERATIONS AND PROSPECTS (Cont'd)

Cost of sales

(i) Analysis of cost of sales by activities

| | 2009 | | 2010 | | 2011 | | 2012 | | 2013 | |
|--|----------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|----------------|---------------|
| | RM'000 | % | RM'000 | % | RM'000 | % | RM'000 | % | RM'000 | % |
| Property development | 129,449 | 102.51 | 65,450 | 90.35 | 87,055 | 93.11 | 64,154 | 89.54 | 105,493 | 105.08 |
| Sale of completed properties | 1,559 | 1.23 | 6,724 | 9.28 | 3,986 | 4.26 | 9,396 | 13.11 | 1,800 | 1.79 |
| Others* | - | - | - | - | 2,459 | 2.63 | 6 | 0.01 | 18 | 0.02 |
| Total | 131,008 | 103.74 | 72,174 | 99.63 | 93,500 | 100.00 | 73,556 | 102.66 | 107,311 | 106.89 |
| <i>Less: Inter-company elimination:</i> | | | | | | | | | | |
| Property development | (4,718) | (3.74) | 271 | 0.37 | - | - | (1,906) | (2.66) | (6,920) | (6.89) |
| Sale of completed properties | - | - | - | - | - | - | - | - | - | - |
| Others* | - | - | - | - | - | - | - | - | - | - |
| Net of inter-company elimination: | | | | | | | | | | |
| Property development | 124,731 | 98.77 | 65,721 | 90.72 | 87,055 | 93.11 | 62,248 | 86.88 | 98,573 | 98.19 |
| Sale of completed properties | 1,559 | 1.23 | 6,724 | 9.28 | 3,986 | 4.26 | 9,396 | 13.11 | 1,800 | 1.79 |
| Others* | - | - | - | - | 2,459 | 2.63 | 6 | 0.01 | 18 | 0.02 |
| Total | 126,290 | 100.00 | 72,445 | 100.00 | 93,500 | 100.00 | 71,650 | 100.00 | 100,391 | 100.00 |

Note:

* For FYE 30 June 2011, others consist of cost of sales of vacant land while for FYE 30 June 2012 and FYE 30 June 2013, others consist of expenses in relation to rental income only.

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| | Proforma | | | | | |
|---|----------------|---------------|---------------|---------------|----------------|---------------|
| | Audited | | | | | |
| | FYE 30 June | | | | | |
| | 2009 | | 2010 | | 2011 | |
| | RM'000 | % | RM'000 | % | RM'000 | % |
| | 2012 | | 2013 | | 2013 | |
| | RM'000 | % | RM'000 | % | RM'000 | % |
| Titijaya | - | - | - | - | - | - |
| NPO Development | 114,801 | 90.90 | 43,028 | 59.40 | 39,144 | 41.87 |
| NPO Land | - | - | - | - | 2,459 | 2.63 |
| Sendi Bangga | 11,362 | 9.00 | 29,146 | 40.23 | 51,897 | 55.50 |
| SACC | - | - | - | - | - | - |
| Safetags | - | - | - | - | - | - |
| Aman Kemensah | - | - | - | - | - | - |
| City Meridian | - | - | - | - | - | - |
| Liberty Park | - | - | - | - | - | - |
| Pin Hwa | - | - | - | - | - | - |
| Terbit Kelana | 4,845 | 3.84 | - | - | 179 | 0.25 |
| Epoch Property | - | - | - | - | 6 | 0.01 |
| Titijaya PMC | - | - | - | - | - | - |
| Prosperous Hectares | - | - | - | - | - | - |
| | 131,008 | 103.74 | 72,174 | 99.63 | 93,500 | 100.00 |
| | (4,718) | (3.74) | 271 | 0.37 | - | - |
| <i>Less: Inter-company elimination^</i> | | | | | 73,556 | 102.66 |
| | | | | | (1,906) | (2.66) |
| Total | 126,290 | 100.00 | 72,445 | 100.00 | 93,500 | 100.00 |
| | | | | | 71,650 | 100.00 |
| | | | | | 107,311 | 106.89 |
| | | | | | (6,920) | (6.89) |
| | | | | | 100,391 | 100.00 |

Inter-company elimination for FYE 30 June 2009 and FYE 30 June 2010 was in relation to joint development between NPO Development and Terbit Kelana for our Group's Klang Sentral Commercial Centre project. For FYE 30 June 2012 and FYE 30 June 2013, the inter-company elimination was in relation to joint development between NPO Development and Pin Hwa for our Group's The Galleria project.

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12. MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION, RESULTS OF OPERATIONS AND PROSPECTS (Cont'd)

(iii) Analysis of cost of sales by projects

| | 2009 | | 2010 | | 2011 | | 2012 | | 2013 | |
|---|----------------|---------------|--------------------|---------------|--------------------|---------------|---------------|---------------|----------------|---------------|
| | RM'000 | % | RM'000 | % | RM'000 | % | RM'000 | % | RM'000 | % |
| Mutiara Bukit Raja | - | - | 153 | 0.21 | 140 | 0.15 | - | - | - | - |
| Klang Sentral Commercial Centre | 54,570 | 43.21 | 5,953 | 8.22 | 1,889 ^π | 2.02 | 2,790 | 3.89 | 865 | 0.86 |
| Mutiara Point Business Park (Phase 1) | 6,586 | 5.21 | (410) ^π | (0.57) | 98 | 0.10 | 779 | 1.09 | - | - |
| Tiara Square Business Centre | 11,362 | 9.00 | - | - | - | - | - | - | - | - |
| Casa Tiara Serviced Suites | 14,424 | 11.43 | 1,028 | 1.43 | 1,481 [#] | 1.58 | - | - | - | - |
| First Subang | 44,001 | 34.84 | 36,304 | 50.11 | 35,536 | 38.01 | 5,668 | 7.91 | 777 | 0.77 |
| One SOHO (formerly known as Subang SOHO) | - | - | 29,146 | 40.23 | 41,250 | 44.12 | 17,153 | 23.94 | 158 | 0.16 |
| Subang Parkhomes (Phase 1 and Phase 2) | - | - | - | - | 10,647 | 11.39 | 38,392 | 53.58 | 82,365 | 82.05 |
| Seri Alam Industrial Park (Phase 1 and Phase 2) | - | - | - | - | - | - | - | - | - | - |
| Zone Innovation Park @ Sungai Kapar Indah (Phase 1 and Phase 2) | - | - | - | - | - | - | - | - | - | - |
| The Galleria | - | - | - | - | - | - | 4,176 | 5.83 | 15,163 | 15.10 |
| 3Elements (Phase 1) | - | - | - | - | - | - | 4,592 | 6.41 | 7,965 | 7.93 |
| Others** | 65* | 0.05 | - | - | 2,459 | 2.63 | 6 | 0.01 | 18 | 0.02 |
| | 131,008 | 103.74 | 72,174 | 99.63 | 93,500 | 100.00 | 73,556 | 102.66 | 107,311 | 106.89 |
| Less: Inter-company elimination ^Δ | (4,718) | (3.74) | 271 | 0.37 | - | - | (1,906) | (2.66) | (6,920) | (6.89) |
| Total | 126,290 | 100.00 | 72,445 | 100.00 | 93,500 | 100.00 | 71,650 | 100.00 | 100,391 | 100.00 |

Notes:

* Rectification works for completed units.

** For FYE 30 June 2011, others consist of costs in relation to sale of vacant lands only while for FYE 30 June 2012 and FYE 30 June 2013, others consist of expenses in relation to rental income only.

Δ Due to termination of a sale and purchase agreement as the purchaser was unable to settle the balance of the purchase consideration.

π Inter-company elimination for FYE 30 June 2009 and FYE 30 June 2010 was in relation to joint development between NPO Development and Terbit Kelana for our Group's Klang Sentral Commercial Centre project. For FYE 30 June 2012 and FYE 30 June 2013, the inter-company elimination was in relation to joint development between NPO Development and Pin Hwa for our Group's The Galleria project.

The cost of sales for this project has been adjusted for the reversal of over-accruals in its development cost in prior years amounting to RM2.10 million for FYE 30 June 2011.

The cost of sales for this project has been adjusted for the under accruals in its development cost in prior years amounting to RM0.84 million for FYE 30 June 2011.

12. MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION, RESULTS OF OPERATIONS AND PROSPECTS (*Cont'd*)

Commentaries on cost of sales:

FYE 30 June 2009

Our Group's cost of sales decreased by RM3.00 million from RM129.29 million in FYE 30 June 2008 to RM126.29 million in FYE 30 June 2009, representing a decrease of 2.32%. The decrease was mainly due to:

- Decrease in cost of sales for our Group's Casa Tiara Serviced Suites project by RM38.59 million from RM53.01 million in FYE 30 June 2008 to RM14.42 million in FYE 30 June 2009, as a result of the completion of the project in the first half of 2008; and
- Decrease was also due to the completion of Mutiara Point Business Park (Phase 1) and Tiara Square Business Centre projects during FYE 30 June 2008 as well as Klang Sentral Commercial Centre project in the second half of 2008.

Cost of sales for Mutiara Point Business Park (Phase 1) project decreased by RM6.06 million from RM12.65 million in FYE 30 June 2008 to RM6.59 million in FYE 30 June 2009. Cost of sales for Tiara Square Business Centre and Klang Sentral Commercial Centre projects decreased by RM2.37 million and RM3.16 million respectively from RM13.73 million and RM57.73 million respectively in FYE 30 June 2008 to RM11.36 million and RM54.57 million respectively in FYE 30 June 2009.

However, the decrease in cost of sales for the property development projects above was partially offset by the increase in the cost of sales of First Subang project amounting to RM44.00 million in FYE 30 June 2009.

In line with our Group's revenue, our Group's cost of sales for FYE 30 June 2009 was mainly attributed to the Klang Sentral Commercial Centre and First Subang projects which made up 43.21% and 34.84% of our Group's cost of sales respectively.

FYE 30 June 2010

Our Group's cost of sales decreased by RM53.84 million from RM126.29 million in FYE 30 June 2009 to RM72.45 million in FYE 30 June 2010, representing a decrease of 42.63%. This was mainly due to:

- The completion of three (3) projects, namely:
 - (i) Casa Tiara Serviced Suites – Casa Tiara Serviced Suites recorded a cost of sales of RM1.03 million for the sale of three (3) completed units in FYE 30 June 2010. This represents a decrease in cost of sales contribution from Casa Tiara Serviced Suites of RM13.39 million from RM14.42 million in FYE 30 June 2009;
 - (ii) Tiara Square Business Centre - As Tiara Square Business Centre project was completed during FYE 30 June 2008 with its remaining cost of sales recognised in FYE 30 June 2009, there was no further cost of sales recognised for the project in FYE 30 June 2010; and
 - (iii) Klang Sentral Commercial Centre - Klang Sentral Commercial Centre recorded a cost of sales of RM5.95 million for the sale of completed units in FYE 30 June 2010. This represents a decrease in cost of sales contribution from Klang Sentral Commercial Centre project of RM48.62 million from RM54.57 million in FYE 30 June 2009.
- The decrease in cost of sales for Mutiara Point Business Park (Phase 1) project as there was no sale recorded for FYE 30 June 2010.

12. MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION, RESULTS OF OPERATIONS AND PROSPECTS (*Cont'd*)

- The decrease in First Subang project's cost of sales of RM7.70 million from RM44.00 million in FYE 30 June 2009 to RM36.30 million in FYE 30 June 2010. The decrease was due to the said project nearing its completion during FYE 30 June 2010 and, as such, the cost of sales recognised was also reduced.

The decrease in cost of sales for the property development projects above was partially offset by the cost of sales of One SOHO (formerly known as Subang SOHO) project amounting to RM29.15 million in FYE 30 June 2010.

In line with our Group's revenue, our Group's cost of sales for FYE 30 June 2010 was mainly attributed to the First Subang and One SOHO (formerly known as Subang SOHO) projects which made up 50.11% and 40.23% of our Group's cost of sales respectively.

FYE 30 June 2011

Our Group's cost of sales increased by RM21.05 million from RM72.45 million in FYE 30 June 2010 to RM93.50 million in FYE 30 June 2011, representing an increase of 29.05%. This was mainly due to:

- The on-going development for One SOHO (formerly known as Subang SOHO) project which resulted in an increase in its cost of sales by RM12.10 million from RM29.15 million in FYE 30 June 2010 to RM41.25 million in FYE 30 June 2011; and
- Recognition of Subang Parkhomes project's cost of sales amounting to RM10.65 million in FYE 30 June 2011.

In line with our Group's revenue, our Group's cost of sales for FYE 30 June 2011 was mainly attributed to the First Subang and One SOHO (formerly known as Subang SOHO) projects which made up 38.01% and 44.12% of our Group's cost of sales respectively.

FYE 30 June 2012

Our Group's cost of sales decreased by RM21.85 million from RM93.50 million in FYE 30 June 2011 to RM71.65 million in FYE 30 June 2012, representing a decrease of 23.37%. This was mainly due:

- The completion of First Subang project in the first half of 2011, which contributed to the decrease in cost of sales by RM29.87 million from RM35.54 million in FYE 30 June 2011 to RM5.67 million in FYE 30 June 2012; and
- Decrease in cost of sales for One SOHO (formerly known as Subang SOHO) project which was completed during the financial year by RM24.10 million from RM41.25 million in FYE 30 June 2011 to RM17.15 million in FYE 30 June 2012.

For FYE 30 June 2012, the cost of sales incurred for First Subang and Klang Sentral Commercial Centre projects were mainly attributable to the sale of 15 and 19 completed units respectively.

The decrease was offset by the following:

- On-going development of Subang Parkhomes project of which the cost of sales increased by RM27.74 million from RM10.65 million in FYE 30 June 2011 to RM38.39 million in FYE 30 June 2012; and
- The new development of The Galleria and 3Elements projects which contributed cost of sales of RM4.18 million and RM4.59 million respectively.

12. MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION, RESULTS OF OPERATIONS AND PROSPECTS (*Cont'd*)

In line with our Group's revenue, our Group's cost of sales for FYE 30 June 2012 was mainly attributed to the Subang Parkhomes and One SOHO (formerly known as Subang SOHO) projects which made up 53.58% and 23.94% of our Group's cost of sales respectively.

FYE 30 June 2013

Our Group's cost of sales increased by RM28.74 million from RM71.65 million in FYE 30 June 2012 to RM100.39 million in FYE 30 June 2013, representing an increase of 40.11%. This was mainly due to the following:

- On-going development of Subang Parkhomes project which recorded an increase in cost of sales of RM43.98 million from RM38.39 million in FYE 30 June 2012 to RM82.37 million in FYE 30 June 2013; and
- Increase in cost of sales for The Galleria and 3Elements projects of RM10.98 million and RM3.38 million respectively from RM4.18 million and RM4.59 million in FYE 30 June 2012 respectively to RM15.16 million and RM7.97 million in FYE 30 June 2013.

The increase was offset by the decrease in cost of sales of RM16.99 million and RM4.89 million for One SOHO (formerly known as Subang SOHO) and First Subang projects respectively, from RM17.15 million and RM5.67 million respectively in FYE 30 June 2012 to RM0.16 million and RM0.78 million respectively in FYE 30 June 2013.

In line with our Group's revenue, our Group's cost of sales for FYE 30 June 2013 was mainly attributed to the Subang Parkhomes and The Galleria projects which made up 82.05% and 15.10% of our Group's cost of sales respectively.

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12. MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION, RESULTS OF OPERATIONS AND PROSPECTS (Cont'd)

12.2.2 Segmental Analysis of GP and GP Margins

(i) By business segment

| | 2009 | | 2010 | | 2011 | | 2012 | | 2013 | |
|--|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| | RM'000 | % | RM'000 | % | RM'000 | % | RM'000 | % | RM'000 | % |
| Property development | 23,763 | 95.73 | 27,059 | 92.08 | 37,411 | 85.64 | 41,365 | 88.76 | 90,891 | 97.34 |
| Sale of completed properties | 1,059 | 4.27 | 2,327 | 7.92 | 4,311 | 9.87 | 4,629 | 9.93 | 1,386 | 1.48 |
| Others* | - | - | - | - | 1,960 | 4.49 | 608 | 1.31 | 1,098 | 1.18 |
| Total | 24,822 | 100.00 | 29,386 | 100.00 | 43,682 | 100.00 | 46,602 | 100.00 | 93,375 | 100.00 |
| <i>Less: Inter-company elimination:</i> | | | | | | | | | | |
| Property development | - | - | - | - | - | - | - | - | - | - |
| Sale of completed properties | - | - | - | - | - | - | - | - | - | - |
| Others* | - | - | - | - | - | - | - | - | - | - |
| <i>Net of inter-company elimination:</i> | | | | | | | | | | |
| Property development | 23,763 | 95.73 | 27,059 | 92.08 | 37,411 | 85.64 | 41,365 | 88.76 | 90,891 | 97.34 |
| Sale of completed properties | 1,059 | 4.27 | 2,327 | 7.92 | 4,311 | 9.87 | 4,629 | 9.93 | 1,386 | 1.48 |
| Others* | - | - | - | - | 1,960 | 4.49 | 608 | 1.31 | 1,098 | 1.18 |
| Total | 24,822 | 100.00 | 29,386 | 100.00 | 43,682 | 100.00 | 46,602 | 100.00 | 93,375 | 100.00 |
| GP Margin (%) | | | | | | | | | | |
| Property development | 16.00 | | 29.16 | | 30.06 | | 39.92 | | 47.97 | |
| Sale of completed properties | 40.45 | | 25.71 | | 51.96 | | 33.01 | | 43.50 | |
| Other* | - | | - | | 44.35 | | 99.02 | | 98.39 | |
| Group GP Margin | 16.43 | | 28.86 | | 31.84 | | 39.41 | | 48.19 | |

Note:

* For FYE 30 June 2011, others consist of sale of vacant land and rental income while for FYE 30 June 2012 and FYE 30 June 2013, others consist of rental income only.

12. MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION, RESULTS OF OPERATIONS AND PROSPECTS (Cont'd)

(ii) By companies

| | Proforma | | | | | | | | | | | |
|----------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|--------|---|
| | Audited | | | | | | | | | | | |
| | FYE 30 June | | | | | | | | | | | |
| | 2009 | | 2010 | | 2011 | | 2012 | | 2013 | | | |
| | RM'000 | % | RM'000 | % | RM'000 | % | RM'000 | % | RM'000 | % | RM'000 | % |
| Titijaya | - | - | - | - | - | - | - | - | - | - | - | - |
| NPO Development | 22,952 | 92.47 | 20,591 | 70.07 | 21,811 | 49.93 | 6,388 | 13.71 | 8,103 | 8.68 | - | - |
| NPO Land | - | - | - | - | 1,883 | 4.31 | - | - | - | - | - | - |
| Sendi Bangsa | 1,997 | 8.04 | 9,066 | 30.85 | 19,911 | 45.58 | 36,393 | 78.09 | 75,328 | 80.67 | - | - |
| SACC | - | - | - | - | - | - | - | - | - | - | - | - |
| Safetags | - | - | - | - | - | - | 1,486 | 3.19 | 2,576 | 2.76 | - | - |
| Aman Kemensah | - | - | - | - | - | - | - | - | - | - | - | - |
| City Meridian | - | - | - | - | - | - | - | - | - | - | - | - |
| Liberty Park | - | - | - | - | - | - | - | - | - | - | - | - |
| Pin Hwa | - | - | - | - | - | - | - | - | - | - | - | - |
| Terbit Kelana | - | - | - | - | - | - | 2,257 | 4.84 | 7,260 | 7.78 | - | - |
| Epoch Property | (127) | (0.51) | (271) | (0.92) | 77 | 0.18 | 78 | 0.17 | 108 | 0.11 | - | - |
| Titijaya PMC | - | - | - | - | - | - | - | - | - | - | - | - |
| Prosperous Hectares | - | - | - | - | - | - | - | - | - | - | - | - |
| | 24,822 | 100.00 | 29,386 | 100.00 | 43,682 | 100.00 | 46,602 | 100.00 | 93,375 | 100.00 | - | - |
| Less: Inter-company elimination^ | - | - | - | - | - | - | - | - | - | - | - | - |
| Total | 24,822 | 100.00 | 29,386 | 100.00 | 43,682 | 100.00 | 46,602 | 100.00 | 93,375 | 100.00 | | |
| GP Margin (%) | | | | | | | | | | | | |
| Titijaya | - | - | - | - | - | - | - | - | - | - | - | - |
| NPO Development | 16.66 | - | 32.37 | - | 35.78 | - | 32.56 | - | 33.40 | - | - | - |
| NPO Land | - | - | - | - | 43.37 | - | - | - | - | - | - | - |
| Sendi Bangsa | 14.95 | - | 23.73 | - | 27.73 | - | 39.58 | - | 47.72 | - | - | - |
| SACC | - | - | - | - | - | - | - | - | - | - | - | - |
| Safetags | - | - | - | - | - | - | 24.45 | - | 24.44 | - | - | - |
| Aman Kemensah | - | - | - | - | - | - | - | - | - | - | - | - |
| City Meridian | - | - | - | - | - | - | - | - | - | - | - | - |
| Liberty Park | - | - | - | - | - | - | - | - | - | - | - | - |
| Pin Hwa | - | - | - | - | - | - | - | - | - | - | - | - |
| Terbit Kelana | (2.69) | - | - | - | 100.00 | - | 92.65 | - | 91.64 | - | - | - |
| Epoch Property | - | - | - | - | - | - | 92.86 | - | 94.74 | - | - | - |
| Titijaya PMC | - | - | - | - | - | - | - | - | - | - | - | - |
| Prosperous Hectares | - | - | - | - | - | - | - | - | - | - | - | - |
| Group GP Margin | 16.43 | - | 28.86 | - | 31.84 | - | 39.41 | - | 48.19 | - | - | - |