

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

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

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HUA YANG BERHAD

(Company No. 44094-M)

(Incorporated in Malaysia under the Companies Act, 1965)

CIRCULAR TO SHAREHOLDERS IN RELATION TO THE

PROPOSED ACQUISITION OF A PIECE OF LEASEHOLD LAND MEASURING APPROXIMATELY 32,740 SQUARE METRES HELD UNDER PN 51166 LOT 80646 IN MUKIM BATU, DAERAH KUALA LUMPUR, WILAYAH PERSEKUTUAN KUALA LUMPUR BY PRISMA PELANGI SDN BHD, A WHOLLY-OWNED SUBSIDIARY OF HUA YANG BERHAD, FOR A TOTAL CASH CONSIDERATION OF RM120,000,000 ONLY

AND

NOTICE OF EXTRAORDINARY GENERAL MEETING

Adviser

kenanga

Kenanga Investment Bank Berhad

Company No. 15678-H

(A Participating Organisation of Bursa Malaysia Securities Berhad)

The Notice of the extraordinary general meeting ("**EGM**") of the Company to be held at the Head Office of the Company at 4th Floor, C-21, Jalan Medan Selayang 1, Medan Selayang, 68100 Batu Caves, Selangor Darul Ehsan on Tuesday, 2 June 2015 at 10:00 a.m. or any adjournment thereof, together with the Proxy Form are enclosed herein.

The Proxy Form must be lodged at the registered office of the Company at 123A, Jalan Raja Permaisuri Bainun (Jalan Kampar), 30250 Ipoh, Perak Darul Ridzuan ("**Registered Office**"), not later than forty-eight (48) hours before the time fixed for the EGM. The lodging of the Proxy Form shall not preclude you from attending and voting in person at the EGM should you subsequently wish to do so.

Last date and time for lodging the Proxy Form.....: Sunday, 31 May 2015 at 10:00 a.m.

Date and time of the EGM.....: Tuesday, 2 June 2015 at 10:00 a.m.

This Circular is dated 18 May 2015

DEFINITIONS

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

“Act”	: The Companies Act, 1965 and includes any amendments from time to time
“Balance Deposit”	: RM9,600,000 only, being the balance of the Deposit paid to the Vendor on 30 January 2015, upon signing of the SPA
“Balance Purchase Price”	: RM108,000,000 only, being the remaining cash consideration (which is equivalent to 90% of the Purchase Price) to be paid by the Purchaser to the Vendor in relation to the Proposed Acquisition
“Board”	: Board of Directors of Hua Yang
“Bursa Securities”	: Bursa Malaysia Securities Berhad (Company No. 635998-W)
“Business Day(s)”	: Any day excluding Saturdays, Sundays and public holidays on which financial institutions licensed under the Financial Services Act 2013 are open for business in Kuala Lumpur and Selangor
“Circular”	: This circular to shareholders of Hua Yang dated 18 May 2015
“Completion Date”	: The date on which the full amount of the Purchase Price together with the Extension Interest (if any) has been paid to all or any of the following, namely the Vendor and/or the Vendor’s solicitors and/or the Existing Chargee, as the case may apply
“Conditions Precedent”	: The conditions precedent for the SPA, which have been set out in Section 2.3, Part A of this Circular
“DBKL”	: Dewan Bandaraya Kuala Lumpur
“Deposit”	: The Earnest Deposit and the Balance Deposit which shall be treated as payment by the Purchaser towards the account of the Purchase Price
“Director(s)”	: Has the meaning given in Section 2(1) of the Capital Markets and Services Act, 2007
“Earnest Deposit”	: RM2,400,000 only paid to the Vendor on 4 November 2014, prior to the signing of the SPA
“EGM”	: Extraordinary General Meeting
“Existing Chargee”	: Ambank (M) Berhad (Company No. 8515-D)
“Existing Charges”	: The charges bearing Presentation Nos. 39949/2013 and 49223/2013(2) by the Existing Chargee over the Land
“Extended Payment Due Date”	: The date falling one (1) month after the Payment Due Date, and if such a day being not a Business Day, the Business Day immediately following such a day
“Extension Interest”	: Interest at the rate of eight per centum (8%) per annum calculated on the number of days elapsed based on 365 days a year on the amount of the outstanding Balance Purchase Price commencing from the date next following the Payment Due Date until full payment of the Balance Purchase Price to the Vendor’s solicitors, payable within three (3) Business Days from the Purchaser’s receipt of the Vendor’s solicitors’ written confirmation on the amount of the Extension Interest payable after full payment of the Balance Purchase Price
“Hua Yang” or the “Company”	: Hua Yang Berhad (Company No. 44094-M)

DEFINITIONS (Cont'd)

“Hua Yang Group” or “Group”	: Hua Yang and its subsidiaries, collectively
“Kenanga IB” or “Adviser”	: Kenanga Investment Bank Berhad (Company No. 15678-H)
“Land”	: The leasehold land measuring approximately 32,740 sq m held under PN 51166 Lot 80646 in Mukim Batu, Daerah Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur
“LPD”	: 20 April 2015, being the latest practicable date prior to the printing and despatch of this Circular
“MRR2”	: Kuala Lumpur Middle Ring Road 2
“NA”	: Net assets
“Nation Holdings” or the “Vendor”	: Nation Holdings Sdn Bhd (Company No. 80501-H)
“Parties”	: PPSB and Nation Holdings, collectively
“Payment Due Date”	: The date falling three (3) months after the Unconditional Date and if such a day being not a Business Day, the Business Day immediately following such a day
“PPSB” or the “Purchaser”	: Prisma Pelangi Sdn Bhd (Company No. 228268-A), a wholly-owned subsidiary of Hua Yang
“Proposed Acquisition”	: Proposed acquisition of the Land by PPSB from Nation Holdings for a total cash consideration of RM120,000,000 only
“Proposed Development”	: The proposed development of the Land shall comprise of four (4) blocks of serviced apartments consisting of 1,264 units with club house facilities on top of a multi-storey car park and two (2) levels of retail commercial consisting of 154 units
“Purchase Price”	: RM120,000,000 being the total purchase price to be paid by the Purchaser to the Vendor in relation to the Proposed Acquisition
“RM” and “sen”	: Ringgit Malaysia and sen, respectively
“SPA”	: The conditional sale and purchase agreement dated 30 January 2015 executed by the Purchaser and the Vendor in relation to the Proposed Acquisition
“sq m”	: Square metre
“Unconditional Date”	: The day when the last of the Conditions Precedent has been fulfilled by the Parties
“Valuation Certificate”	: The valuation certificate prepared by the Valuer dated 25 February 2015 on the Land, as set out in Appendix I of this Circular
“Valuation Report”	: The valuation report prepared by the Valuer dated 25 February 2015 to assess the market value of the Land
“Valuer”	: Henry Butcher Sdn Bhd (Company No. 160636-P), an independent firm of registered valuers

Words incorporating the singular shall, where applicable, include the plural and vice versa. Words incorporating the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa. Any reference to persons shall include a corporation, unless otherwise specified.

DEFINITIONS (Cont'd)

Any reference in this Circular to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any reference to a time of day in this Circular shall be a reference to Malaysian time, unless otherwise specified.

Any reference to the Company and Hua Yang in this Circular are to Hua Yang Berhad, and all references to the Group and the Hua Yang Group are to the Company and its subsidiaries. All references to we, us, and our are to the Company, and save where the context otherwise requires, shall include our subsidiaries.

Any discrepancies in the tables included in this Circular between the amounts listed, actual figures and the totals thereof are due to rounding.

All references to you in this Circular are to the shareholders of Hua Yang.

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HUA YANG BERHAD
(Company No. 44094-M)
(Incorporated in Malaysia under the Companies Act, 1965)

Registered office:
123A, Jalan Raja Permaisuri Bainun
(Jalan Kampar)
30250 Ipoh
Perak Darul Ridzuan

18 May 2015

Board of Directors

Tan Sri Dato' Seri Dr. Ting Chew Peh (*Chairman/Independent Non-Executive Director*)
Ho Wen Yan (*Chief Executive Officer/Executive Director*)
Dato' Tan Bing Hua (*Senior Independent Non-Executive Director*)
Ho Mook Leong (*Non-Independent Non-Executive Director*)
Chew Po Sim (*Non-Independent Non-Executive Director*)
Chew Hoe Soon (*Non-Independent Non-Executive Director*)
Dato' Wan Azahari Bin Yom Ahmad (*Independent Non-Executive Director*)

To: The Shareholders of Hua Yang

Dear Sir/Madam,

PROPOSED ACQUISITION OF A PIECE OF LEASEHOLD LAND MEASURING APPROXIMATELY 32,740 SQUARE METRES HELD UNDER PN 51166 LOT 80646 IN MUKIM BATU, DAERAH KUALA LUMPUR, WILAYAH PERSEKUTUAN KUALA LUMPUR BY PRISMA PELANGI SDN BHD, A WHOLLY-OWNED SUBSIDIARY OF HUA YANG, FOR A TOTAL CASH CONSIDERATION OF RM120,000,000 ONLY

1. INTRODUCTION

On 30 January 2015, Kenanga IB, on behalf of the Board, announced that PPSB had on the even date entered into a SPA for the Proposed Acquisition.

Further details of the Proposed Acquisition are set out in the ensuing sections of this Circular.

THE PURPOSE OF THIS CIRCULAR IS TO PROVIDE YOU WITH THE RELEVANT INFORMATION ON THE PROPOSED ACQUISITION, AND TO ACCORDINGLY SEEK YOUR APPROVAL FOR THE RESOLUTION PERTAINING TO THE SAME TO BE TABLED AT THE COMPANY'S FORTHCOMING EGM. THE NOTICE OF EGM TOGETHER WITH THE PROXY FORM ARE ENCLOSED IN THIS CIRCULAR.

YOU ARE ADVISED TO READ AND CAREFULLY CONSIDER THE ENTIRE CONTENTS OF THIS CIRCULAR BEFORE VOTING ON THE RESOLUTION TO GIVE EFFECT TO THE PROPOSED ACQUISITION AT THE FORTHCOMING EGM.

2. PROPOSED ACQUISITION

2.1 Details of the Proposed Acquisition

On 30 January 2015, PPSB had entered into the SPA for the acquisition of the Land for a cash consideration of RM120,000,000 only. The Company had on 4 November 2014 paid an earnest deposit of RM2,400,000 to the Vendor to secure its interest in the Proposed Acquisition pending negotiation of the terms of the SPA.

Further details of the Land and the salient terms of the Proposed Acquisition are set out in Section 2.2 and 2.3 respectively.

2.2 Details of the Land

A summary of the salient information on the Land in relation to the Proposed Acquisition is set out as follows:

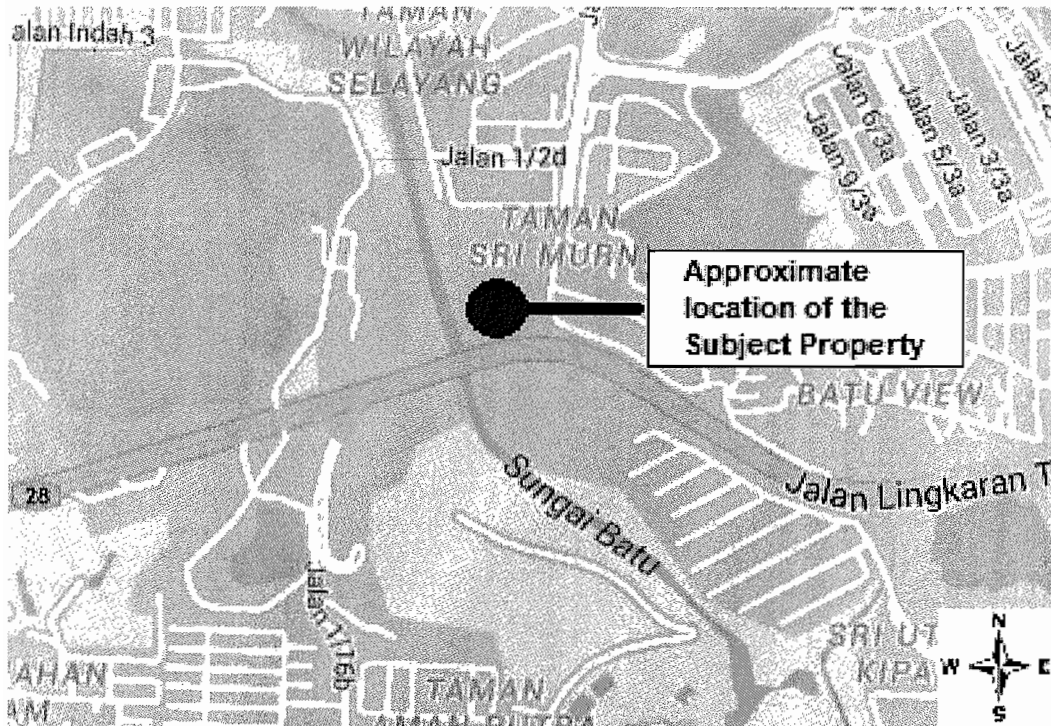
Location	: PN 51166 Lot 80646 in Mukim Batu, Daerah Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur
Size	: Approximately 32,740 sq m (352,410 square feet)
Tenure	: Leasehold with a tenure of 99 years expiring on 24 May 2111 (the unexpired tenure is approximately 96 years)
Description	: The Land is generally flat and earmarked as commercial zone.
Category of Land use	: "Bangunan"
Registered proprietor	: Nation Holdings
Express Condition	: "Tanah ini hendaklah digunakan untuk bangunan perdagangan bagi tujuan kedai pejabat sahaja." ⁽¹⁾
Restriction in interest	: "Tanah ini tidak boleh dipindahmilik, dipajak, dicagar atau digadai tanpa kebenaran Jawatankuasa Kerja Tanah Wilayah Persekutuan Kuala Lumpur."
Encumbrances	: The Land is charged to the Existing Chargee vide Presentation Nos. 39949/2013 and 49223/2013 ⁽²⁾
Existing and proposed development	: The Land is currently vacant Following the completion of the Proposed Acquisition, the Land will be developed by PPSB as discussed in Section 4
Net book value	: RM42,215,730 ⁽³⁾

Notes:

- (1) *The Company intends to convert the current express condition from shop-office into mixed development purpose as there is a development order issued by DBKL that the Land is zoned as commercial with plot ratio of 1:5.*
- (2) *The Land is to be purchased free from all encumbrances. Pursuant to the terms of the SPA, the Vendor undertakes to cause the Existing Chargee to deliver the discharge documents to the Purchaser's solicitors.*
- (3) *As at the LPD.*

Please refer to the Valuation Certificate for further details in relation to details of the Land.

The diagram below depicts the location of the Land:



The Land is situated within an area designated for residential and commercial purpose. The Vendor had on 10 November 2014 submitted an application to the DBKL to amend the earlier approved development order in principle from the Department of Town Planning, DBKL dated 13 June 2014.

The approval for the said application is subject to certain conditions which include, amongst others, the condition on affordable housing scheme. The Vendor has submitted an amended plan to satisfy the requirements stated in the abovementioned development order, including the proposal to locate the affordable housing scheme on another parcel of land owned by the Vendor. This application is currently pending approval. The Company is not obligated to submit any application in regards to the affordable housing scheme.

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2.3 Salient Terms of the SPA

The salient terms and conditions of the SPA include, amongst others, the following:

(a) Payment method

Further to the Deposit paid to the Vendor, the Purchaser shall pay the Balance Purchase Price to the Vendor's solicitors as stakeholders on or before the Payment Due Date, or the Extended Payment Due Date if the Balance Purchase Price is not paid in full on or before the Payment Due Date. The Extended Payment Due Date is subject to the Extension Interest payable by the Purchaser to the Vendor, and vacant possession of the Land shall be deemed delivered to the Purchaser following the full payment of the same. The Balance Purchase Price shall be released to the Vendor upon the expiry of fourteen (14) days from the presentation of the Transfer (as defined herein) or upon registration thereof, whichever is earlier, subject to vacant possession of the Land being delivered to the Purchaser.

	<u>Date of Payment/Timing</u>	<u>Purchase Price (RM'000)</u>
(a) Earnest Deposit	4 November 2014	2,400
(b) Balance Deposit	30 January 2015	9,600
(c) Balance Purchase Price	Three (3) months after the Unconditional Date and if such a day being not a Business Day, the Business Day immediately following such a day, or the Extended Payment Due Date if the Balance Purchase Price is not paid in full on or before the Payment Due Date.	108,000
		<hr/> <hr/> 120,000

(b) Conditions precedent

The SPA is conditional upon and subject to the fulfilment of the following conditions precedent on or before the date falling four (4) months and ten (10) Business Days from the date of the SPA with extension to be mutually agreed between the Parties ("**Conditions Precedent Fulfilment Due Date**"):

- (i) The Vendor having obtained, at their own costs and expenses, the following:
 - (aa) the consent of the Wilayah Persekutuan Kuala Lumpur State Authority to transfer the Land to the Purchaser due to the restriction in interest contained in the document of title ("**State Approval To Transfer**");
 - (bb) the approval from the appropriate authorities for the development order zoned for commercial with a plot ratio of 1:5 for development of the Land ("**DO**") in accordance with the approval in principle of the DBKL as per its letter dated 13 June 2014, and which shall include the approval of DBKL for the MRR2 Access (as defined below) ("**DO Approval**"); and

- (cc) the approval of Jabatan Kerja Raya (JKR) for access, ingress and egress, to and from the MRR2 from and to the Land ("**MRR2 Access**") upon terms satisfactory to the Purchaser ("**MRR2 Approval**").

(collectively known as the "**Vendor's Approvals**")

The Purchaser having obtained, at their own costs and expenses, the approval of the shareholders of Hua Yang for the acquisition of the Land subject to the terms and conditions of the SPA.

(c) Vendor's fulfilment of Conditions Precedent

The Vendor shall at its own costs and expenses apply for the Vendor's Approvals within ten (10) Business Days from the date of the SPA and shall execute all forms, instruments and documents and do all such acts and things as required to obtain the Vendor's Approvals on or before the Conditions Precedent Fulfilment Due Date provided that the Purchaser shall provide the information and execute the form(s)/document(s) required to be submitted with the Vendor's application for the State Approval To Transfer. The Vendor shall pay all costs, expenses, levies, premiums, fees, charges and all other payments payable, imposed and incurred pertaining to the obtaining of the Vendor's Approvals.

(d) Purchaser's fulfilment of Conditions Precedent

The Purchaser shall at its own costs and expenses use its reasonable endeavour to ensure that the Company issues to its shareholders a circular for the Proposed Acquisition and convene a shareholders' meeting for the purpose of obtaining its shareholders' approval prior to the Conditions Precedent Fulfilment Due Date.

(e) Appeal

- (i) If any of the Vendor's Approvals is granted but with conditions which materially and adversely affect a party ("**Affected Party**") imposed with the Vendor's Approvals ("**Adverse Condition**"), the Affected Party shall be entitled to within fourteen (14) days of its receipt of notification in writing of the Vendor's Approvals by notice in writing to the other party:

- (aa) request the Vendor (in the case where the Affected Party is the Purchaser) to appeal or where the Affected Party is the Vendor, the Vendor shall be entitled to appeal against the imposition of the Adverse Condition by the appropriate authorities and the Vendor shall within fourteen (14) days upon the receipt or issuance of the notice, as the case may be, submit an appeal to the appropriate authorities ("**Condition Appeal**"); or

- (bb) accept the Adverse Condition in which event the Condition Precedent shall be deemed to have been fulfilled,

and in the event that the Purchaser or the Vendor shall fail to give any notice within the aforesaid fourteen (14) days' period, the Purchaser or the Vendor shall be deemed to have accepted the Adverse Condition, in which event the Condition Precedent shall be deemed to have been fulfilled.

- (ii) The Purchaser shall not be entitled to deem any conditions imposed by the appropriate authorities as an Adverse Condition unless the same shall materially and adversely affect:

- (aa) the plot ratio of 1:5 for development of the Land based on the area of the Land stated in the document of title; or
 - (bb) the MRR2 Access.
 - (iii) The Vendor shall not be entitled to deem any conditions imposed by the appropriate authorities as an Adverse Condition save and except if the charges (including the improvement service funds) imposed by DBKL in granting the DO Approval exceeds the amount stipulated in the SPA.
 - (iv) If any of the Vendor's Approvals is rejected by the appropriate authorities before the Conditions Precedent Fulfilment Due Date the Vendor shall within fourteen (14) days of its receipt of the rejection, appeal against the rejection to the appropriate authorities ("**Rejection Appeal**"), with a copy of the appeal letter forwarded to the Purchaser.
 - (v) If the Condition Appeal shall be rejected by the appropriate authorities, the Affected Party shall within fourteen (14) days of its receipt of the reply by written notice to the Purchaser, appeal again or as the case may be, request for appeal again against the imposition of the Adverse Condition, if permissible, or the Affected Party shall be entitled to, within fourteen (14) days of its receipt of the reply, elect to accept the Adverse Condition, in which event the Condition Precedent shall be deemed to have been fulfilled, or to reject the Adverse Condition, in which event the relevant Vendor's Approval shall be deemed not granted.
 - (vi) If the appropriate authorities fails to notify the Vendor of its decision whether to grant the Vendor's Approval or regarding the Rejection Appeal or the Condition Appeal, or the Rejection Appeal is rejected by the appropriate authorities, on or before the Conditions Precedent Fulfilment Due Date, then the Vendor's Approval is deemed to be not obtained.
- (f) Non-fulfilment of the Conditions Precedent**
- (i) If any of the Conditions Precedent are not fulfilled by the Conditions Precedent Fulfilment Due Date, either the Vendor or the Purchaser shall have the option, at its discretion, by notice in writing to the other party to terminate the SPA.
 - (ii) Upon termination of the SPA, the Vendor shall within fourteen (14) days upon receipt of the written notice of termination refund to the Purchaser the Deposit, in exchange for the returning to the Vendor of the Transfer Documents (as defined herein) and thereafter all obligations and liabilities of the Parties under the SPA shall cease to have effect and, none of the Parties shall have any claim against the other for costs, damages, compensation or otherwise save for any antecedent breaches.
- (g) Memorandum of Transfer and Documents**
- Simultaneously with the execution of the SPA, the Vendor shall deliver or cause to be delivered the following documents (collectively, the "**Transfer Documents**") to the Purchaser's solicitors:
- (i) a valid and registrable Memorandum of Transfer in Form 14A of the National Land Code, 1965 in respect of the Land duly executed by the Vendor in favour of the Purchaser ("**Transfer**");
 - (ii) a certified true copy of the document of title;

- (iii) certified true copy of the quit rent receipt to the Land for year 2014 (if the quit rent bill for year 2015 has not been issued by the appropriate authorities) and certified true copy of the quit rent receipt to the Land for year 2015 shall be furnished to the Purchaser's solicitors as and when they are available and in any event no later than two (2) months from the execution of the SPA;
- (iv) the Vendors' income tax file reference number and the branch where the tax file is located at; and
- (v) any other document or documents which are necessary to enable the Transfer to be registered at the relevant land office or registry.

(h) Redemption of the Land

- (i) The Vendor shall cause the Existing Chargee to deliver the redemption statement cum undertaking to the Purchaser's solicitors within ten (10) Business Days of a written request being made to the Vendor for the same.
- (ii) If the redemption amount exceeds the Balance Purchase Price, the Vendor shall within five (5) Business Days of receipt of a written request from the Vendor's solicitors or the Purchaser's solicitors, deposit the difference between the redemption amount and the Balance Purchase Price ("**Shortfall**") with the Vendor's solicitors and the Vendor's solicitors are hereby authorised to forthwith pay the Shortfall to the Existing Chargee to redeem the Land from the Existing Chargee and inform the Purchaser's solicitors of the same.
- (iii) The Vendor undertakes to cause the Existing Chargee to deliver the discharge documents to the Purchaser's solicitors within ten (10) Business Days from the date of receipt of the redemption amount by the Existing Chargee.
- (iv) The whole or such portion of the Balance Purchase Price shall be utilised to pay to the Existing Chargee the redemption amount in order to redeem the Land and to obtain the discharge documents.
- (v) If there is a delay for any reason by the Vendor, the Vendor's solicitors or the Existing Chargee, as the case may be, in delivering or releasing the redemption statement cum undertaking, the Shortfall or the discharge documents, the Payment Due Date shall be deemed extended free of interest by a period of time corresponding to the aforesaid delay until the relevant documents are received by the person who requested for the same.

(i) Events of default

- (i) Default by the Vendor

In the event that:

- (aa) the Vendor shall fail, neglect and/or refuse to sell and/or transfer the Land to the Purchaser in accordance with the SPA; or
- (bb) the Vendor shall be in breach in any material respect of any of the covenants, undertakings, terms, conditions or provisions of the SPA which is not capable of remedy, or capable of remedy but is not remedied within thirty (30) days from receipt of written notice by the Purchaser; or

- (cc) the Vendor shall become insolvent, or any petition for winding up has been filed against the Vendor and such petition has not been stayed or set aside within sixty (60) days from receipt of written notice by the Purchaser,

the Purchaser shall be entitled:

- (aa) to the remedy of specific performance against the Vendor and to all reliefs flowing therefrom at the costs and expenses of the Vendor; or
- (bb) to, by notice in writing to the Vendor terminate the SPA and upon such termination, the Vendor shall refund and/or pay all monies or consideration paid or provided by the Purchaser or its financier towards the Purchase Price (including the Deposit) within fourteen (14) days from the date of the Purchaser's termination notice, and the Vendor shall pay a further sum equivalent to the Deposit to the Purchaser as agreed liquidated damages whereupon the Purchaser shall, simultaneous with the abovementioned refund:
 - re-deliver vacant possession of the Land to the Vendor (if same has been delivered to the Purchaser) in substantially the same state and condition as it was delivered to the Purchaser (fair wear and tear excepted);
 - remove the Purchaser's and/or its financier's caveat and any encumbrances over the Land attributable to the Purchaser or its financier at the sole cost and expense of the Purchaser;
 - return to the Vendor or the Vendor's solicitors the Transfer Documents (provided that the Purchaser shall be entitled to retain the Transfer for refund of the stamp duty paid to and only return the same upon receipt of the said refund) and the discharge documents forwarded to the Purchaser or its financier (if any),

and thereafter the SPA shall become null and void and of no further effect and the Parties shall have no further claims against the other in respect of or arising out of the SPA and the Vendor shall be at liberty to deal with the Land as the Vendor deems fit.

(ii) Default by the Purchaser

In the event that:

- (aa) the Purchaser shall fail to make the payment of the Balance Purchase Price or any part thereof on or before the Payment Due Date or Extended Payment Due Date, or the Extension Interest (if any) within three (3) Business Days; or
- (bb) the Purchaser shall be in breach in any material respect of any of the covenants, undertakings, terms, conditions or provisions of the SPA which is not capable of remedy, or capable of remedy but is not remedied within thirty (30) days from receipt of written notice by the Vendor; or
- (cc) the Purchaser shall become insolvent,

the Vendor shall be entitled to terminate the SPA by notice in writing to the Purchaser and upon such termination, the Deposit shall be forfeited to the Vendor as agreed liquidated damages, and all other monies paid by the Purchaser or its financier towards account of the Purchase Price shall be refunded within fourteen (14) days from the date of the Vendor's termination notice to the Purchaser or its financier (as the case may be) whereupon the Purchaser shall, simultaneous with the abovementioned refund:

- (aa) re-deliver vacant possession of the Land to the Vendor (if the same has been delivered to the Purchaser) in substantially the same state and condition as it was delivered to the Purchaser (fair wear and tear excepted);
- (bb) remove the Purchaser's and/or its financier's caveat and any encumbrances over the Land attributable to the Purchaser at the sole cost and expense of the Purchaser;
- (cc) return to the Vendor or the Vendor's solicitors the Transfer Documents (provided that the Purchaser shall be entitled to retain the Transfer for refund of the stamp duty paid to and only return the same upon receipt of the said refund) and the discharge documents forwarded to the Purchaser or its financier,

and thereafter the SPA shall become null and void and be of no further effect and the Vendor and Purchaser shall have no further claims against the other in respect of or arising out of the SPA and the Vendor shall be at liberty to deal with the Land as the Vendor deems fit.

(j) Delivery of vacant possession

Vacant possession of the Land shall be deemed delivered to the Purchaser on the Completion Date.

2.4 Basis of Arriving at the Purchase Price

The Purchase Price of RM120,000,000 for the Land was arrived at based on a willing-buyer willing-seller basis, after taking into consideration the indicative market value of the Land of RM121,000,000 as at 29 January 2015 by the Valuer. The Purchase Price of RM120,000,000 represents a discount of RM1,000,000 or 0.83% to the market value of the Land.

The market value of the Land as at 25 February 2015 as appraised by the Valuer was carried out using residual method and comparison approach of valuation as detailed in the Valuation Report.

The residual method of valuation involves a computation of the net development value of the project, from which all expenses and costs to complete the project including a margin for developer's profit. The remainder or residual sum, appropriately discounted for passage of time reflects the development value of the property with the approvals obtained.

The comparison approach is the market approach of comparing the subject property with similar properties that were either transacted recently or listed for sale within the same location or other comparable localities. In comparing properties, due consideration is given to factors such as location, size, improvements and amenities, time element and other relevant factors to arrive at our opinion of value.

The Valuer has adopted the residual method of valuation as the main method as it is the most appropriate method of valuation which takes into account the benefit of development approval. The comparison approach is only used as a counter-check method as the purchase of the land is based on specific types of development components as stated in the SPA. Therefore, the residual method is the most appropriate method used.

The Valuation Certificate is set out in Appendix I of this Circular.

2.5 Encumbrances on the Land

Save and except for the Existing Charges created in favour of the Existing Chargee, the Land is free from all encumbrances which prohibits the passing of the legal and/or beneficial title of the Land to the transferee and/or interferes with the transferee's use and enjoyment of the Land.

Upon completion of the SPA, the Land will be acquired with vacant possession and free from all encumbrances, charges, caveats, interest, squatters and claims in the manner stipulated in the SPA but subject to the terms both implied and expressed in the issue document of title to the Land at the Purchase Price and upon the terms and conditions contained in the SPA.

2.6 Source of Funding

The Purchase Price for the Proposed Acquisition will be satisfied entirely in cash, which will be financed through internally-generated funds and/or the Sukuk Murabahah programme which was completed by the Company on 29 April 2014.

The exact mix of internally-generated funds and/or the Sukuk Murabahah programme will be decided by the management at a later stage taking into consideration the Group's gearing level, interest costs as well as internal cash requirements for its business operations.

2.7 Liabilities to be Assumed

PPSB or Hua Yang will not be assuming any other liability, including contingent liability and guarantee, arising from the Proposed Acquisition.

2.8 Additional Financial Commitment

Save for the costs relating to the Company's proposed development plan for the Land, no other material additional financial commitment is expected to be incurred by Hua Yang in relation to the Proposed Acquisition.

3. BACKGROUND INFORMATION ON THE VENDOR

Nation Holdings was incorporated in Malaysia on 29 January 1982 under the Act, as a private limited company. The Vendor is principally involved in property development.

As at the LPD, the authorised share capital of the Vendor is RM10,000,000 comprising 10,000,000 ordinary shares of RM1.00 each of which 6,000,002 ordinary shares of RM1.00 each ("**Nation Holdings Shares**") have been issued and fully paid-up.

3.1 Substantial Shareholders and Directors

The shareholders of Nation Holdings and their direct and indirect shareholdings in Nation Holdings as at the LPD are as follows:

Shareholder	Direct		Indirect	
	No. of Nation Holdings Shares	%	No. of Nation Holdings Shares	%
Hasrat Mulia (M) Sdn. Bhd. ⁽¹⁾	6,000,002	100.0	-	-

Note:

(1) *The ultimate shareholders of Hasrat Mulia (M) Sdn Bhd are Dato' Chew Lak Seong, Dato' Ong Kook Liong, Siew Kui Taw and Teoh Siew Chin, who are all deemed interested by virtue of their respective shareholdings pursuant to Section 6A of the Act and are entitled to control the exercise of 100% of the votes attached to the voting shares of Hasrat Mulia (M) Sdn Bhd.*

As at the LPD, the directors of Nation Holdings are Mohd. Kasim Bin Jalildin, Chan Heng Wah and Chan Keng Chye (all Malaysian). They do not directly or indirectly hold any shares in Nation Holdings.

4. RATIONALE AND BENEFITS OF THE PROPOSED ACQUISITION

The Proposed Acquisition is in line with Hua Yang Group's strategy to acquire and continue to expand its current land banks which are currently located in Klang Valley, Perak, Johor, Penang and Negeri Sembilan in order to sustain its core business as a property developer as well as to enhance its future revenue and earnings.

The Land will be developed for sale to meet the increasing demand for affordable priced properties while maintaining the modern and city lifestyle concept to attract the younger generation of the surrounding residential areas of Selayang, Kepong and Gombak. The development will be centered on building vertical communities in the form of serviced apartments.

The Vendor will be obtaining a planning approval from DBKL for a high-rise mixed commercial development. Upon completion of the Proposed Acquisition, the Group intends to amend the development component of the Land to meet the Company's market segment with an estimated gross development value of RM800,000,000. The proposed development of the Land shall comprise of four (4) blocks of serviced apartments consisting of 1,264 units with club house facilities on top of a multi-storey car park and two (2) levels of retail commercial consisting of 154 units ("**Proposed Development**").

The Proposed Development is expected to be launched in the fourth (4th) quarter of 2016 with a development tenure of between five (5) and seven (7) years. In view of the location of the Land, our Group envisages that the Proposed Acquisition will help provide us with the opportunity to gain mileage in the affordable priced properties segments.

The Proposed Development is expected to contribute positively to the Group's future revenue stream and profitability.

5. INDUSTRY OUTLOOK AND FUTURE PROSPECTS OF THE LAND

5.1 Overview and Outlook of the Malaysian Economy

It should be noted that the Budget 2015 speech announced by the Prime Minister and Minister of Finance Malaysia in October 2014 was formulated based on strong economic fundamentals in 2014. Compared to the situation during the Budget 2015, the global economic landscape has since changed significantly. This necessitates the government to review and clarify some of their earlier macro and fiscal assumptions. Amongst others, the gross domestic product growth that was estimated to be between 5.0% - 6.0% has been revised to 4.5% - 5.5%.

(Source: Special Address by the Prime Minister, Current Economic Developments and Government's Financial Position, 20 January 2015)

The Malaysian economy registered a higher growth of 5.8% in the fourth quarter of 2014 (3Q 2014: 5.6%), driven mainly by stronger private sector spending (8.5%; 3Q 2014: 6.8%). On the supply side, growth was sustained by the major economic sectors, supported by trade and domestic activities. On a quarter-on-quarter seasonally-adjusted basis, growth momentum increased to 2.0% (3Q 2014: 0.9%). For the year 2014, the Malaysian economy grew by 6.0%.

Moving forward, the Malaysian economy is expected to remain on a steady growth path. The gradual recovery in global growth will lend support to manufactured export performance, although overall export growth would likely remain modest amid lower commodity prices. Domestic demand is expected to remain favourable amidst the lower oil prices. Investment activity is projected to remain resilient, with broad-based capital spending by both the private and public sectors cushioning the lower oil and gas-related investment activity. While private consumption is expected to moderate, the steady rise in income and employment, and the additional disposable income from the lower oil prices would support household spending.

(Source: Economic and Financial Developments in Malaysia in the Fourth Quarter of 2014, Bank Negara Malaysia)

5.2 Overview and Outlook of the Malaysian Property Market

Growth in the non-residential subsector turned around sharply by 14% (January – June 2013: -1%) in line with healthy business activities during the first half of 2014. This was reflected by increased construction activities especially for commercial buildings with the incoming supply of shops increasing to 72,117 units (January – June 2013: 66,167 units). Meanwhile, construction starts for purpose-built offices (“PBO”) decreased substantially to 2,965 sq m (January – June 2013: 263,284 sq m), after experiencing a strong growth of 61.2% in PBO starts in 2013. However, the national occupancy rate of office buildings remained stable at 83.4% (end-June 2013: 82%) despite an additional 194,798 sq m space. Meanwhile, the incoming supply of shopping complexes declined by 22%, while construction starts dropped 64.2% during the first half of 2014. However, the overall occupancy rate remained high at 81.3% (end-June 2013: 79.6%), reflecting strong retail activities supported by resilient private consumption. As at end-June 2014, the stock of shopping complexes and PBO stood at 12.39 million sq m and 19.20 million sq m, respectively (end-June 2013: 12.18 million sq m; 18.87 million sq m).

The residential subsector expanded strongly by 22.1% during the first half of 2014 (January to June 2013: 15.7%) supported by higher growth in incoming supply at 9.5% (January – June 2013: 15.3%). Meanwhile, new housing approvals increased significantly by 32.6% to 96,115 units (January – June 2013: 6.8%; 72,461 units). Despite the decline in housing starts at 5.3% to 70,346 units (January – June 2013: 21.1%; 74,270 units), residential activity is expected to remain stable.

Meanwhile, the value of total property transactions increased to RM82.0 billion (January – June 2013: RM68.8 billion), with volume expanding 3.3% to 193,405 transactions during the first six months of 2014. Residential property transactions formed the bulk with a share of 63.5%. However, following several cooling measures imposed to curb speculative activity in the property sector, the number of residential property transactions decreased 2.7% in the first half of 2014 (July – December 2013: 5.1%). During the same period, residential transactions declined in Kuala Lumpur (-4.8%) and Selangor (-2.1%), while Johor and Pulau Pinang registered a positive growth of 17.5% and 2.7%, respectively. Meanwhile, the residential overhang declined 11.5% to 12,105 units during the first half of 2014 (January – June 2013: 15.1%; 13,673 units), with a total value of RM4.5 billion (January – June 2013: RM5.0 billion).

House prices in Malaysia continue to rise, albeit at a slower pace, amid several measures to curb rising house prices since 2010. The increase in house prices was driven by strong demand following favourable labour market conditions and growing household income. The Malaysian House Price Index, which measures the change in prices paid for an average house, increased moderately by 6.6%, in the second quarter of 2014, compared with 11.3% in the corresponding period in 2013. This was the lowest quarterly rate of increase since the third quarter of 2010. However, higher-than-average prices were recorded in Selangor (10.1%), Pulau Pinang (9.6%) and Kuala Lumpur (9.1%). The highest price increase was recorded for terrace houses, which grew 8.2% followed by high-rise units (7.9%), detached houses (2.5%) and semi-detached houses (2.4%).

The residential subsector is expected to remain strong in view of the increased demand, particularly from the middle-income group. The demand for affordable housing will remain favourable amid government initiatives such as the PR1MA housing project. Moreover, the non-residential subsector is also expected to remain stable supported by encouraging demand for industrial and commercial buildings. Major commercial buildings such as the 118-storey Menara Warisan and Bukit Bintang city centre are expected to contribute to the growth of the sector.

(Source: Economic Report 2014/2015, Ministry of Finance Malaysia)

5.3 Prospects of the Land

Greater Kuala Lumpur/Klang Valley National Key Economic Area (“NKEA”) is unique from other NKEAs, in that its initiatives are anchored geographically under a goal to develop the region as the centre of Malaysia’s commercial activities. To this end, this NKEA seeks to transform the country’s capital into a world-class city and globally competitive economic hub, focussing on nurturing the elements which support economic growth and improve the region’s liveability.

(Source: Economic Transformation Programme Annual Report 2013)

The Land is located approximately ten (10) kilometres due north-west of Kuala Lumpur nestled in Klang Valley and is situated adjacent to Taman Sri Murni and Taman Batu View. It is accessible via Jalan Kuching heading north, exits into Jalan 1/2b and Jalan Batu View which leads to the Land.

Prominent landmarks within the immediate vicinity of the Land include Selayang Lama Lake, Kuala Lumpur Wholesale Market and NSK Selayang. Further, other neighbourhoods within the radius of two (2) kilometres include Kampung Selayang Lama, Taman Batu View, Taman Seri Murni Apartments, Taman Wilayah Selayang, Villa Lagenda, Taman Desa Bakti and Taman Intan Baiduri. The gated and guarded community schemes such as KIPark Villa Mas Town Houses.

In view that the Land is located within a busy and well-established area with a growing population, the Board envisages that the Land has favourable development potential.

6. EFFECTS OF THE PROPOSED ACQUISITION

6.1 Issued and Paid-up Share Capital and Substantial Shareholders' Shareholdings

The Proposed Acquisition will not have any effect on the issued and paid-up share capital of Hua Yang as well as Hua Yang's substantial shareholders' shareholdings, as the Purchase Price is to be satisfied entirely by cash and does not involve any issuance of shares.

6.2 NA and Gearing

The Proposed Acquisition is expected to be completed by the second quarter of 2015 hence the Proposed Acquisition would not have any effect on the consolidated NA of the Group for the financial year ending 31 March 2015.

Strictly for illustrative purposes only, based on the audited consolidated financial statements of Hua Yang as at 31 March 2014, and assuming that ninety per cent (90%) of the Purchase Price is financed via the Sukuk Murabahah programme and the remaining via internal generated funds, the gearing of Hua Yang would increase from 0.64 times to 0.92 times, as follows:

Group Level	Audited as at 31 March 2014 RM'000	After the Proposed Acquisition RM'000
Share capital	264,000	264,000
Retained earnings	122,982	⁽¹⁾⁽²⁾ 122,582
Shareholders' equity/ NA	386,982	386,982
No. of ordinary shares in issue ('000)	264,000	264,000
NA per share (RM)	1.47	1.47
Total borrowings	249,280	⁽³⁾ 357,280
Gearing (times)	0.64	0.92

Notes:

- (1) Excluding the effects of any increase in interest expenses pursuant to the additional bank borrowings obtained, as further detailed in Section 6.3 below.
- (2) Assuming expenses of RM400,000 in relation to the Proposed Acquisition.
- (3) Assuming the Purchase Price is financed ninety per cent (90%) by the Sukuk Murabahah programme.

6.3 Earnings and earnings per share

The Proposed Acquisition is not expected to have any material effect on the earnings of the Group for the financial year ending 31 March 2015 in view that the Proposed Acquisition is expected to be completed in the second quarter of 2015. However, the Proposed Development is expected to contribute positively to the Group's future earnings and earnings per share when the expected profits from the development of the Land are realised.

The impact of the additional interest expense arising from the borrowings used in financing the Purchase Price on the earnings of the Group for the financial year ended 31 March 2014 (assuming the Proposed Acquisition had been effected at the beginning of the said financial year) cannot be quantified at this juncture as the interest expense would initially be capitalised when incurred. Property development revenue and expenses (including interest expenses) are recognised in stages in the profit or loss using the completion method in accordance with the Financial Reporting Standards. Hence, recognition of profit and loss is dependent on inter-alia, stage of completion and level of sales of the development.

7. RISK FACTORS

7.1 Business Risk

The business activities of the Group are subject to the risks inherent in the property market industry. These risks include, but are not limited to, changes in the economic condition and demand for properties in Malaysia. Factors that may affect demand for property includes labour supply, volatility in construction material prices, changes in regulatory framework of the construction and/or property development industries and delays in the commencement and completion of the Proposed Development, which are beyond the control of the Group. The Group faces competition from other property developers. Generally, brand name and reputation, established customer bases, competent personnel and competitive pricing are major factors in maintaining the Group's market position and securing new sales.

The demand for properties is dependent on the general economic, business and credit conditions, as well as the availability of supply in the market. Whilst the Board believes that it is possible to address any fluctuations in the demand for properties by meticulous planning in terms of innovative design, timing of launch, right type of products/segment and pricing points relative to competitors, there can be no assurance that the Proposed Development will be shielded from any adverse downturn in the economy. Hua Yang will leverage on its strength and experience as a property development manager to manage these risks closely. Moreover, the Group will also seek to mitigate any delays by closely monitoring the progress of the development projects and endeavour to promptly come up with solutions to any setbacks in order to ensure the timely completion of the Proposed Development.

7.2 Funding Risk

The Purchase Price is to be financed through internally-generated funds and/or bank borrowings. In the event the Purchase Price is financed via external bank borrowings, the Group will incur interest expense on the bank borrowings. Any interest charged on bank borrowings is dependent on prevailing interest rates. Hence, future fluctuation of interest rates could have an effect on the Group's cash flows and profitability. The management of Hua Yang believes that its prudent cash flow management will be able to address the financing risk.

7.3 Non-Completion Risk of the Proposed Acquisition

The completion of the Proposed Acquisition is conditional upon the fulfilment of all necessary conditions as set out in Section 2.3 above, which includes, the approval from the shareholders of Hua Yang and fulfilment of the Conditions Precedent by the Vendor (i.e. the State Approval To Transfer, DO Approval and MRR2 Approval) and Purchaser. In the event that such approvals and/or conditions are not obtained and/or satisfied, the Proposed Acquisition will not be completed and the Group will not be able to meet its objective as stated in Section 4 of this Circular. However, the Board will take reasonable steps to ensure the fulfilment of the conditions precedent in the SPA to ensure the completion of the Proposed Acquisition.

7.4 Risk of Non-Discharge of Charge

As the Proposed Acquisition is made on the basis that the Land shall be free from encumbrances, the completion of the Proposed Acquisition and the transfer of the Land to the Purchaser are subject to the Existing Charges being duly discharged. In the event that discharge of the Existing Charges is not effected, the Proposed Acquisition will not be completed.

However, as set out in Section 2.3(h) above, the Vendor has undertaken to cause the delivery of the discharge documents after receipt of the redemption amount by the Existing Chargee. Failure of the Vendor to deliver the discharge of the Existing Charges will be a default under the SPA entitling the Purchaser to exercise the remedies as set out in Section 2.3(i)(i) above.

Further, the redemption statement cum undertaking to be issued by the Existing Chargee will contain an undertaking from the Existing Chargee to refund any monies received by the Existing Chargee towards payment of the redemption amount in the event that the discharge of the Existing Charges is not registered.

8. APPROVALS REQUIRED

The Proposed Acquisition is conditional upon the following approvals being obtained:

- (a) approval from the shareholders of Hua Yang at an EGM to be convened;
- (b) State Approval To Transfer, which has been obtained on 31 March 2015;
- (c) DO Approval;
- (d) MRR2 Approval, which the approval-in-principle has been obtained from JKR on 6 February 2015; and
- (e) any other relevant parties and/or authorities, if required.

The Proposed Acquisition is not conditional upon any other corporate exercise/scheme of Hua Yang.

9. ESTIMATED TIMEFRAME FOR COMPLETION

Subject to the receipt of the approvals stated in Section 8 above, and barring any unforeseen circumstances, the Proposed Acquisition is expected to be completed by the second (2nd) half of 2015.

The tentative timeline in relation to the implementation of the Proposed Acquisition is as follows:

<u>DATE</u>	<u>EVENTS</u>
18 May 2015	Despatch of Circular to shareholders
2 June 2015	EGM to approve the Proposed Acquisition
June 2015	Fulfilment of all Conditions Precedent
September 2015	Completion of the Proposed Acquisition

10. CORPORATE EXERCISES ANNOUNCED BUT NOT YET COMPLETED

Save for the Proposed Acquisition and as disclosed below, there are no other outstanding corporate exercises which have been announced but pending completion as at the LPD:

- (i) On 26 January 2015, the Board announced that its wholly-owned subsidiary, Tinggian Development Sdn Bhd had on the even date entered into a sale and purchase agreement with Goldentime Project Sdn Bhd for the purpose of acquiring a parcel of freehold land held under Lot 427, Mukim Bandar Bukit Mertajam, Daerah Seberang Perai Tengah, Pulau Pinang for a total cash consideration of RM21,980,000.

The Proposed Acquisition is not conditional or inter-conditional upon the abovementioned corporate proposal or any other exercise/scheme.

11. DIRECTORS' AND MAJOR SHAREHOLDERS' INTERESTS

None of our directors, major shareholders of Hua Yang and/or persons connected to them have any interest, whether direct or indirect, in the Proposed Acquisition.

12. DIRECTORS' RECOMMENDATION

After considering all aspects of the Proposed Acquisition, we are of the opinion that the Proposed Acquisition is in the best interest of our Group. Accordingly, on this basis, we recommend that you vote in favour of the resolution pertaining to the Proposed Acquisition to be tabled at the forthcoming EGM.

13. EGM

An EGM, the Notice of which is enclosed with this Circular, will be held at the Head Office of the Company at 4th Floor, C-21, Jalan Medan Selayang 1, Medan Selayang, 68100 Batu Caves, Selangor Darul Ehsan on Tuesday, 2 June 2015 at 10:00 a.m., for the purpose of considering and, if thought fit, passing the ordinary resolution to give effect to the Proposed Acquisition.

If you are unable to attend and vote in person at the EGM, you may complete, sign and return the enclosed Proxy Form in accordance with the instructions contained therein as soon as possible, so as to arrive at the Registered Office of the Company no later than forty-eight (48) hours before the time fixed for the EGM or at any adjournment thereof. The completion and lodging of the Proxy Form will not preclude you from attending and voting in person at the EGM should you subsequently wish to do so.

14. FURTHER INFORMATION

Shareholders are requested to refer to the attached appendices for further information.

Yours faithfully,
For and on behalf of the Board of
HUA YANG BERHAD

TAN SRI DATO' SERI DR. TING CHEW PEH
Chairman/Independent Non-Executive Director

VALUATION CERTIFICATE RELATING TO THE LAND

**HENRY BUTCHER MALAYSIA**

International Asset Consultants

Our Ref: VR/01-15/0088(2)

Date: February 25, 2015

Prisma Pelangi Sdn. Bhd.

(A wholly-owned subsidiary of Hua Yang Berhad)

C-21, Jalan Medan Selayang 1,

Medan Selayang,

68100 Batu Caves,

Selangor.

Dear Sirs

CERTIFICATE OF VALUATION OF A PARCEL OF LEASEHOLD MIXED DEVELOPMENT LAND HELD UNDER PAJAKAN NEGERI 51166, LOT 80646, MUKIM OF BATU, DISTRICT OF KUALA LUMPUR AND STATE OF WILAYAH PERSEKUTUAN KUALA LUMPUR. ("SUBJECT PROPERTY").

This certificate has been prepared for inclusion in the circular to shareholders of Hua Yang Berhad, in conjunction with the proposed acquisition of the Subject Property by Prisma Pelangi Sdn. Bhd. It should be noted that this certificate is to be read in conjunction with our valuation report bearing reference no. VR/01-15/0088(2).

In accordance with the instructions from **Prisma Pelangi Sdn. Bhd.**, a wholly-owned subsidiary of Hua Yang Berhad, we have conducted a valuation of the Subject Property vide our valuation report bearing reference no. VR/01-15/0088(2) dated February 25, 2015 for the purpose of submission to the Bursa Malaysia Securities Berhad. The Subject Property was inspected on February 6, 2015. The relevant date of valuation for this valuation exercise is as at February 6, 2015.

The purchase of the Subject Property is subjected to conditions precedent as spelt out in the Sale and Purchase Agreement between Nation Holdings Sdn. Bhd. (the "Vendor") and Prisma Pelangi Sdn. Bhd. (the "Purchaser") dated January 30, 2015. Our valuation is also therefore subjected to these conditions precedent and the following additional assumptions which are:

- 1) **THE VENDOR IS RESPONSIBLE TO OBTAIN APPROVAL FROM THE APPROPRIATE AUTHORITIES FOR THE DEVELOPMENT ORDER ZONED FOR COMMERCIAL WITH A PLOT RATIO OF 1:5 FOR DEVELOPMENT OF THE SUBJECT PROPERTY WHICH SHALL INCLUDE THE APPROVAL OF DEWAN BANDARAYA KUALA LUMPUR (DBKL) FOR THE MIDDLE RING ROAD 2 (MRR2) ACCESS, AND**
- 2) **THE VENDOR IS RESPONSIBLE TO OBTAIN APPROVAL OF JABATAN KERJA RAYA (JKR) FOR ACCESS, INGRESS AND EGRESS, TO AND FROM THE MRR2, FROM AND TO THE SUBJECT PROPERTY.**

HENRY BUTCHER MALAYSIA Sdn Bhd (160636-P)

25, Jalan Yap Ah Shak, 50300 Kuala Lumpur, Malaysia.

t • +603-2694 2212 f • +603-2694 3484 (valuation)

e • hbmalsia@henrybutcher.com.my (valuation) w • www.henrybutcher.com.my

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Project Marketing | Asset Management | Retail Planning & Consultancy | Auctions | Plant & Machinery | Art Consultancy

VALUATION CERTIFICATE RELATING TO THE LAND (Cont'd)

IF ANY PARTY WISHES TO RELY ON THE VALUATION BASED ON THE ADDITIONAL ASSUMPTIONS AS STATED ABOVE, THEN APPROPRIATE PROFESSIONAL ADVICE SHOULD BE SOUGHT SINCE THE VALUE REPORTED IS BASED ON ASSUMPTIONS THAT ARE NOT YET OR FULLY REALISED.

We confirm that we have valued the Subject Property based on the valuation basis stated below. The valuation had been carried out in accordance with the Asset Valuation Guidelines issued by the Securities Commission Malaysia and the Malaysian Valuation Standards issued by the Board of Valuers, Appraisers and Estate Agents, Malaysia.

The basis of valuation adopted is the Market Value which is defined as the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

Property Type	A parcel of vacant leasehold mixed development land designated for commercial use.
Tenure	Leasehold for a term of 99 years expiring on May 24, 2111. The unexpired term is about 96 years.
Title No.	PN 51166, Lot 80646, Mukim of Batu, District of Kuala Lumpur, and State of Wilayah Persekutuan Kuala Lumpur.
Category of land use	Bangunan ("Building")
Surveyed Land Area	32,740 sq. m. (about 352,410 sq. ft. or 8.09 acres)
Registered Owner	Nation Holdings Sdn. Bhd.
Express Condition	Tanah ini hendaklah digunakan untuk bangunan perdagangan bagi tujuan kedai pejabat sahaja. <i>(Note: We were informed by the Purchaser that they have intention to convert the current express condition from shop-office into mixed development purpose as there is a Development Order issued by Dewan Bandaraya Kuala Lumpur for mixed commercial development with plot ratio of 1:5.)</i>
Planning Details	The Subject Property is situated within an area designated for residential and commercial purpose. As per the Development Order ("DO") from DBKL to the Vendor dated June 13, 2014, the Subject Property has a designated plot ratio of 1:5.
Proposed Development	Original development has been approved by DBKL dated June 13, 2014: - 1. A block of 38-storey service apartment (370 units) together with a level of facilities, 2. A block of 48-storey service apartment (616 units) together with a level of facilities,

VALUATION CERTIFICATE RELATING TO THE LAND (Cont'd)

	<p>3. A block of 22-storey of office building, 4. A level of basement car park, and 5. 8-storey of commercial podium together with car park bays.</p> <p>However, a subsequent application dated November 10, 2014 was submitted by the Vendor to DBKL to amend the DO in principle as follows: -</p> <ol style="list-style-type: none"> 1. A block of 33-storey service apartment (301 units) together with a level of facilities, 2. A block of 41-storey service apartment (437 units) together with a level of facilities, 3. A block of 28-storey service apartment (252 units) together with a level of facilities, 4. A level of basement car park, and 5. 8-storey of commercial podium together with car park bays. <p>The approval for this DO was deferred by DBKL in its letter dated December 4, 2014 because certain conditions had to be met. The Vendor had resubmitted an amended plan to satisfy the requirements stated in the DO including the condition on the affordable housing scheme to be located on Lot 16163, Jalan Lingkaran Tengah II, Mukim Batu, Kuala Lumpur which the vendor owns. The application is currently pending approval. Hence, the Purchaser is not obligated to submit any application in regards to the affordable housing scheme.</p> <p>Following from our discussions with the Purchaser, to optimize the potential development value, a revised development plan based on the following is intended to be undertaken: -</p> <ol style="list-style-type: none"> 1. 4 blocks of service apartments – comprising 1,264 dwelling units with Club House facilities on top of multi-storey car park, 2. 2 level retail commercial consisting of 154 units. <p>The retail area has been reduced whilst the service apartment unit has been increased. However, the plot ratio is still within the permissible 1:5.</p> <p>It should be noted that this proposed development is still in the preliminary stage and no building plans have been drawn up as yet.</p> <p>We have in our Residual Valuation Calculation adopted this amendment as more reflective of a better optimization of the development potential of the land.</p>
Location	<p>The Subject Property is located adjacent to Taman Sri Murni and Taman Batu View. It is located approximately 10 kilometres due north-west of Kuala Lumpur City Centre.</p> <p>It is accessible via Jalan Kuching heading north, exits onto Jalan 1/2b and Jalan Batu View which leads to the Subject Property.</p>

VALUATION CERTIFICATE RELATING TO THE LAND (Cont'd)

	<p>Prominent landmarks within the immediate vicinity include Selayang Lama Lake and Kuala Lumpur Wholesale Market located nearby east of the Subject Property. NSK Selayang is located north of the Subject Property.</p> <p>The surrounding development of the Subject Property comprises Taman Seri Murni Apartments, Taman Wilayah Selayang and Taman Intan Baiduri. The gated and guarded schemes such as KIPark Villa Mas Town Houses, KIPark Villa Mas 2 and Laman Residence are located north of The Subject Property.</p> <p>Taman Beringin landfill which was closed since 2006 and is currently vegetated with wild grass and Solid Waste Transfer Station are located south-west of the Subject Property while a small Muslim cemetery is located south of the Subject Property across MRR2. A proposed Waste-to-Energy (WtE) plant (also known as the "Incinerator") might be sited further due south-west of the Subject Property across MRR2. However, upon our checking with Jabatan Pengurusan Sisa Pepejal Negara (JPSPN), this proposal is in the preliminary stage and the decision is subject to the Detailed Environment Impact Assessment (DEIA) report. Our verbal checking with Department of Environment (DoE) also revealed that the study has not been commissioned yet. DBKL has also informed us that there has not been any application by any party on the siting of a possible incinerator plant in this area.</p>
Site Description	The Subject Property is regular in shape and the terrain of the subject site is flat and lies at road level with the frontage road (Jalan Batu View) but lies below level of the elevated MRR2.

VALUATION CERTIFICATE RELATING TO THE LAND (Cont'd)

Valuation Methodology

We have adopted the “**Residual Method**” and “**Comparison Approach**” in formulating our opinion of the Market Value of the Subject Property.

Residual Method

The **Residual Method** of valuation involves a computation of the net development value of the project, from which all expenses and costs to complete the project including a margin for developer’s profit. The remainder or residual sum, appropriately discounted for passage of time reflects the development value of the property with the approvals obtained.

Summary of parameters:-

Total GDV (after Bumiputera allocation)	: RM 789,846,875	(refer to Note 1)
(Total GDC	: RM 617,801,814*	(refer to Note 2)
Developer’s Profit and Risk	: 20% of GDV	
Total development period	: 5 Years	(refer to Note 4)
Present value factor	: 8.5%	(refer to Note 3)
Valuation under Residual Method	: RM 120,950,720	
	Say : RM 121,000,000	

**Total GDC inclusive of developer’s profit and risk.*

Note 1: Total Gross Development Value (GDV)

The proposed selling prices for service apartments and retails are as follow: -

Type of Property/Block	No. of Units	Approximate Built-up Area	Averaged Proposed Selling Price
i. Service Apartments	1,264	920 sq. ft.	RM 600 per sq. ft. – RM 640 per sq. ft.
ii. Retail – Ground Floor	77	750 sq. ft.	RM 800 per. sq. ft. – RM 900 per. sq. ft.
iii. Retail – First Floor	77	750 sq. ft.	RM 400 per sq. ft. – RM 500 per. sq. ft.

In arriving at the total Gross Development Value (GDV), we have also checked the comparables of the transacted prices of similar type of properties within the locality. We have, therefore, analysed transacted prices of similar properties in the vicinity by using the **Comparison Approach** to arrive at our recommended market value for each of the GDV components.

VALUATION CERTIFICATE RELATING TO THE LAND (Cont'd)

i) Service Apartment Portion

Transaction of Medium-cost apartment and condominium

The existing medium-cost apartments and condominium nearby the Subject Property are Taman Seri Murni Apartments and Symphony Heights Condominium. The transacted prices of Taman Seri Murni Apartments, the medium-cost apartments with the built-up area of 775 sq.ft. to 842 sq. ft., were recorded in the range between RM 107 per sq. ft. and RM 174 per sq. ft. during second half year of 2014. There is a lack of recent transactions of Symphony Heights Condominium. The transacted prices of Symphony Heights Condominium, with the built-up area of 950 sq. ft. to 1,246 sq. ft., were recorded in the range of RM 300 per sq. ft. to RM 360 per sq. ft. during last quarter of 2013 and February 2014. There is no transaction recorded after February 2014.

(Source: *Jabatan Penilaian and Perkhidmatan Harta*)

The above developments were not adopted as comparables because they are of a different range than the Subject Property. Therefore, we have selected new on-going properties but still within similar location and other comparable localities.

Launching Prices of New-Launched Projects

The selected comparables from the vicinity are shown below:-

Comparable	1	2	3	4
Development	LakePark Residence	Polaris Suites	EcoSky -Clarita	Res 280
Location	KM 12, Jalan Ipoh, Selayang	Off Jalan Ipoh	Jalan Kuching	Selayang-Kepong Highway
Tenure	Leasehold	Leasehold	Freehold	Leasehold
Built Up Area	975 sq. ft.	983 sq. ft.	1,087 sq. ft.	890 sq. ft.
Consideration Price	**RM 552,425	*RM 615,125	**RM 805,600	**RM 510,388
Launched Date	Early of 2015	3 rd Quarter of 2014	4 th Quarter of 2014	2 nd Quarter of 2013
Analysed Rate (Per sq. ft.)	RM 567	RM 626	RM 741	RM 573

*Price after discount given by developers.

**Partly furnished by developers.

(Source: *Henry Butcher Malaysia Research*)

After necessary adjustments to the above comparables in term of location, accessibility and furnished by developers, we have arrived at a range value of RM 581 per sq. ft. to RM 686 per sq. ft. Having arrived at the average price of RM 628 per sq. ft., we have adopted RM 600 per sq. ft. as a typical marketing strategy. Phase 1 will be lower value and the pricing will be gradually increased to RM 620 per sq. ft. and RM 640 per sq. ft. for phases 2 and 3, respectively. The increase over a span of 5 years is about 3% per phase. The rates are also in-line with the current market range of pricing.

VALUATION CERTIFICATE RELATING TO THE LAND (Cont'd)

ii) Ground Floor Retail Portion

We have taken into consideration the following sale transactions in our analysis:-

Comparable	1	2	3
Location/ Development Scheme	No. 38, Jalan Metro Perdana Timur, Taman Usahawan Kepong.	Unit G-7, Jalan SP 1, Selayang Point.	G-23, Jalan Vista Mutiara 1, Residensi Unggul.
Transaction Date	August 6, 2014	July 18, 2014	September 6, 2013
Built Up Area (sq. ft.)	1,550	891	1,421
Transacted Price (RM)	900,000	550,000	1,238,000
Analysed Price (RM per sq. ft.)	581	617	871

(Source: Jabatan Penilaian and Perkhidmatan Harta)

Our analysis of the ground floor retails revealed that the analysed value ranges from RM 701 per sq. ft. to RM 1,054 per sq. ft., in which we have adjusted for factors such as time factor, location, accessibility, size and type of property. We have, therefore, adopted RM 850 per sq. ft. in our computation and opine that this rate is within a fair and reasonable range.

iii) First Floor Retail Portion

We have taken into consideration the following sale transactions in our analysis:-

Comparable	1	2	3
Location/ Development Scheme	Unit No. A1-05, Jalan Vista Mutiara 1, Residensi Unggul.	Unit 1-23A, Jalan SP 1, Selayang Point.	Unit No. C-1-11, Jalan Ipoh-Rawang, 162 Selayang.
Transaction Date	July 21, 2014	April 21, 2014	September 18, 2013
Built Up Area (sq. ft.)	1,035	950	1,720
Transacted Price (RM)	520,000	285,000	600,000
Analysed Price (RM per sq. ft.)	502	300	349

(Source: Jabatan Penilaian and Perkhidmatan Harta)

Our analysis of the first floor retails revealed that the analysed value ranges from RM 347 per sq. ft. to RM 554 per sq. ft., in which we have adjusted for factors such as time factor, location, accessibility, level, size and type of property. We have, therefore, adopted RM 450 per sq. ft. in our computation and opine that this rate is within a fair and reasonable range.

VALUATION CERTIFICATE RELATING TO THE LAND (Cont'd)

Note 2: Total Gross Development Cost (GDC)

Justifications to arrive at the parameters adopted:-

Pre-Development Cost	<p>The cost adopted is based on cost estimated by the developer after taken into consideration our research and enquiries made with the Purchaser. We adopted RM 3,000 per unit for authority contribution, which is including strata fees, TNB contribution & others, whereby RM 550,000 per acre for development charge.</p> <p>Based on our previous internal records on other projects, the ranges of authority contributions are as follows:</p> <ul style="list-style-type: none"> i. Strata title fees – RM 1,200 per unit to RM 1,600 per unit ii. TNB contribution – RM 1,000 per unit to RM 1,500 per unit <p>The pre-development cost is in-line with market rates.</p>
Site Development Cost	<p>This cost adopted is based on cost estimated by the Purchaser after taken into consideration our enquiries made with the Purchaser. The costs we have adopted as follows: -</p> <ul style="list-style-type: none"> i. RM 28,088,004 for site development cost (including soil test, site clearing, hoarding, earthwork and piling) ii. RM 500,000 per acre for infrastructure iii. 1.5% of GDV for facilities, which is including IWK and Syabas contribution. iv. RM 4,000 per unit for landscape v. RM 34,385,232 for the access of MRR2 (Ingress & egress) and upgrading of road work. <p>We have counter-checked with previous development projects conducted by Hua Yang Berhad and our internal records on other projects, the ranges of these costs are as follows: -</p> <ul style="list-style-type: none"> i. Site clearing & earthwork– RM 2 per sq. ft to RM 11 per sq. ft. ii. Piling (based on gross floor area) – RM 4.50 per sq. ft to RM 10.50 per sq. ft. iii. Infrastructure – RM 250,000 per acre to RM 500,000 per acre iv. Landscape – RM 2,319 per unit to RM 8,850 per unit <p>The site development cost is in-line with market rates.</p>

VALUATION CERTIFICATE RELATING TO THE LAND (Cont'd)

Building Construction Cost	<p>We have adopted the building construction cost as provided by the Purchaser, with the average building construction cost rate at RM 106 per sq. ft. based on the gross floor area of 2,669,575 sq. ft. inclusive of car park area, after counter-check with the current market rate as derived from analysis of similar type of development and current cost estimates by Juru Ukur Bahan Malaysia (JUBM) construction cost handbook 2014 as follows:-</p> <p>Average high-rise apartments – RM 120 – RM 180 per square foot. Shopping complex – RM 250 – RM 325 per square foot. Elevated Car Park – RM 79 – RM 103 per square foot</p> <p>It should be noted that the proposed retail podium is strictly to be built as neighbourhood shopping retail premises and should not be as comprehensive as a shopping mall complex. The cost as estimated by our client has therefore taken this into consideration.</p>
Professional Fees	<p>The professional fee adopted is 7% of the total building construction cost and site development cost and is in-line with market rates.</p>
Contingencies	<p>We have adopted 5% from total of Site Development Cost and Building Construction Cost as contingency sum, which amounts to RM 18,333,085. From our research and enquiries made with other developers, this is in line with the market rates for contingencies of 3% to 5%.</p>
Administrative Expenses	<p>Administrative expenses were not provided in the projected development costs by the Purchaser. Therefore, we have adopted the market rate of 1% of the total of Site Development Cost and Building Construction Cost. The estimated figure is RM 3,666,617.</p> <p>Based on our previous internal records, the administrative expense is 0.5% to 2%. Therefore, the administrative expense adopted is in-line with the market rates.</p>

VALUATION CERTIFICATE RELATING TO THE LAND (Cont'd)

Financing Cost	The general market effective lending rate is in the range of 4.45% - 5.05%. We were informed that the financing rate of the Purchaser's previous projects is in the range of 5.2% to 5.55%. We have, therefore, adopted 6% per annum as a conservative rate, which is only slightly above the market rate, for a 3 to 5 years construction period development.
Marketing and Advertising Costs	We have adopted 2.5% of the total GDV or RM 19,746,172 in our estimation as marketing and advertising costs. The acceptable market rate of marketing and advertising costs ranges from 1% to 3%, depending on the project size, location and market catchment area. Therefore our rate of 2.5% is reasonable and fair.
Developer's Profit	20% of GDV. The estimate is based on our survey and enquiries with the developers.

Note 3: Present Value Factor

We have adopted present value factor 8.5% after consideration of the Malaysia 10 years Government Bond rate of 3.95% and risk premium of 5%.

Note 4: Development Period

We have adopted a development period of 5 years over 3 phase taking into consideration the time frame for sales and marketing for the entire development as well as obtaining the building plan approval.

Comparison Approach

The **Comparison Approach** is the Market Approach of Comparing the Subject Property with similar properties that were either transacted recently or listed for sale within the same location or other comparable localities. In comparing properties, due consideration is given to factors such as location, size, improvements and amenities, time element and other relevant factors to arrive at our opinion of value.

Our market investigations revealed the following sale transactions for commercial land in the immediate vicinity: -

Comparables	1	2	3
Property/ Location	Lot 68303, Jalan 1/2B, Off Jalan Ipoh; Development site of LakePark Residence	Lot 249, off Jalan Ipoh, Kampung Batu.	Lot 3972 & 4189, Batu 6, Jalan Ipoh; Development site of Ecosky Residences
Source	JPPH	JPPH	JPPH

VALUATION CERTIFICATE RELATING TO THE LAND (Cont'd)

Comparables	1	2	3
Tenure	Leasehold for 99 years, expiring on August 10, 2108.	Freehold	Freehold
Property Type	Commercial Land	Commercial Land	Commercial Land
Land Area	5.13 acres (223,566 sq.ft.)	1.64 acres (71,327 sq.ft.)	9.6 acres (418,135 sq.ft.)
Consideration	RM 48,200,000	RM 15,905,959	RM 69,915,000
Transaction Date	19/08/2014	03/07/2014	08/02/2013
Vendor	Datuk Bandar Kuala Lumpur	W.K.Teh Holdings Sdn. Bhd.	USF-HICOM (Malaysia) Sdn Bhd
Purchaser	JL99 Development Sdn. Bhd.	Venus Ceramic Industry Sdn.Bhd.	Summer Nights Sdn Bhd
Zoning & Plot Ratio	Commercial area with plot ratio of 1:4	Commercial area with plot ratio of 1:4	Commercial area with plot ratio of 1:4
Development Approval	Development order obtained with condition prior to the date of transaction.	No development order as at the date of transaction.	No development order as at the date of transaction.
Analysed Rate	RM 215.60 per sq. ft.	RM 223.00 per sq. ft.	RM 167.21 per sq. ft.
Adjustment Made	Time factor, location, accessibility, tenure, development approval and land size.		
Adjusted Value	RM 226.38 per sq. ft.	RM 178.40 per sq. ft.	RM 183.93 per sq. ft.
Value per Plot Ratio	RM 56.59 per sq. ft.	RM 44.60 per sq. ft.	RM 45.98 per sq. ft.
Adjusted based on the Subject Property's DO Plot Ratio of 5	RM 282.97 per sq. ft.	RM 223.00 per sq. ft.	RM 229.91 per sq. ft.

From the above, the adjusted value range from RM 223 per sq. ft. to RM 283 per sq. ft.. We have put greater emphasis on Comparable 1 due to its similar characteristics in view of location, tenure and size with Subject Property compared to other comparables.

We have therefore adopted RM 285 per sq. ft. in our valuation computation for Comparison Approach.

VALUATION CERTIFICATE RELATING TO THE LAND (Cont'd)

Reconciliation

Based on the two methods adopted, the indicative values of the Subject Property are as follow:-

Residual Method RM 121,000,000


Counter-checked with

Comparison Approach RM 100,000,000

We have adopted the Residual Method of valuation as the main method as it is the most appropriate method of valuation which takes into account the benefit of development approval. The Comparison Approach is used as a counter-check method only as the sale of the land is based on specific types of development components as stated in the Sale and Purchase Agreement and therefore the "Residual Method" is the most appropriate method used in this instance.

It is our opinion that the Market Value of the leasehold unencumbered interest in the Subject Property in its existing physical condition is **RM 121,000,000 (Ringgit Malaysia: One Hundred and Twenty One Million Only)**.

Yours faithfully,
HENRY BUTCHER MALAYSIA SDN BHD


LONG TIAN CHEK
B.Sc., MRICS, MRISM
Registered Valuer (V-241)



LTC/jeah

FURTHER INFORMATION

1. RESPONSIBILITY STATEMENT

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

Information pertaining to Nation Holdings and the Land was extracted from information provided by the management and/or the directors of Nation Holdings. Therefore, the responsibility of the Board is restricted to the accurate reproduction of the said information.

2. MATERIAL COMMITMENTS AND CONTINGENT LIABILITIES

Save as disclosed below, as at 31 March 2015, our Board is not aware of any material commitments and contingent liabilities incurred or known to be incurred by our Group that has not been provided for, which upon becoming enforceable, may have a material impact on our financial results/position of our Group:

Material Commitments

	RM'000
<u>Approved and contracted for:</u>	
Commitments to purchase land held for property development	134,814

Contingent Liabilities

Unsecured:	RM'000
Corporate guarantees	266,405
Bank guarantees	3,187
	<u>269,592</u>

3. CONSENT AND CONFLICT OF INTERESTS**3.1 Adviser**

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

Kenanga IB is not aware of any existing conflict of interests nor of any circumstances which would or is likely to give rise to a possible conflict of interests by virtue of its appointment as the Adviser for the Proposed Acquisition.

3.2 Valuer

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

FURTHER INFORMATION (Cont'd)

The Valuer is neither aware of any existing conflict of interests nor of any circumstances which would or is likely to give rise to a possible conflict of interests by virtue of its appointment as the Valuer for the Land.

4. MATERIAL LITIGATION

As at the LPD, there is no material litigation, claim or arbitration involving the Land.

5. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the Registered Office of the Company at 123A, Jalan Raja Permaisuri Bainun (Jalan Kampar), 30250 Ipoh, Perak Darul Ridzuan during normal business hours from Mondays to Fridays (except public holidays) from the date of this Circular up to and including the date of the EGM:

- (a) The Memorandum and Articles of Association of Hua Yang;
- (b) The audited consolidated financial statements of Hua Yang for the past two (2) financial years ended 31 March 2013 and 31 March 2014, and the latest unaudited quarterly results for the nine (9)-month period ended 31 December 2014;
- (c) The Valuation Certificate and the Valuation Report;
- (d) The letters of consent referred to in Section 3 above; and
- (e) The SPA.

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HUA YANG BERHAD

(Company No. 44094-M)

(Incorporated in Malaysia under the Companies Act, 1965)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting of Hua Yang Berhad ("Hua Yang" or the "Company") will be held at the Head Office of the Company at 4th Floor, C-21, Jalan Medan Selayang 1, Medan Selayang, 68100 Batu Caves, Selangor Darul Ehsan on Tuesday, 2 June 2015 at 10:00 a.m., for the purpose of considering and, if thought fit, passing with or without modifications the following ordinary resolution:

ORDINARY RESOLUTION

PROPOSED ACQUISITION OF A PIECE OF LEASEHOLD LAND MEASURING APPROXIMATELY 32,740 SQUARE METRES HELD UNDER PN 51166 LOT 80646 IN MUKIM BATU, DAERAH KUALA LUMPUR, WILAYAH PERSEKUTUAN KUALA LUMPUR ("LAND") BY PRISMA PELANGI SDN BHD ("PPSB"), A WHOLLY-OWNED SUBSIDIARY OF HUA YANG, FOR A TOTAL CASH CONSIDERATION OF RM120,000,000 ONLY ("PROPOSED ACQUISITION")

"**THAT** subject to the approvals being obtained from the relevant authorities (where required), PPSB be and is hereby authorised to acquire the Land upon the terms and conditions as stated in the conditional sale and purchase agreement dated 30 January 2015 entered into between PPSB and Nation Holdings Sdn Bhd (including any amendment and/or extension thereof as mutually agreed).

AND THAT the Board of Directors of the Company and PPSB be and are hereby authorised to take such steps, execute such documents and enter into any arrangements and/or undertakings with any party or parties as they may deem fit, necessary, expedient and/or appropriate in order to implement, finalise and/or give effect to the Proposed Acquisition with full powers to assent to any terms, conditions, modifications, variations and/or amendments or as a consequence of any such requirement or as may be deemed necessary and/or expedient in the best interests of the Company and PPSB."

BY ORDER OF THE BOARD

LEONG OI WAH (MAICSA 7023802)

TAN HWAI LUN (MIA 24085)

Company Secretaries

Ipoh, Perak Darul Ridzuan

18 May 2015

Notes:

1. *Only members whose name appear in the Record of Depositors as at 26 May 2015 will be entitled to attend the Extraordinary General Meeting or appoint proxy/proxies in his/her stead or in the case of a corporation, a duly authorised representative to attend and vote in his/her stead.*
2. *A member entitled to attend and vote at the Extraordinary General Meeting is entitled to appoint a proxy/proxies who may but need not be a member/members of the Company to attend and vote in his/her stead and the provision of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.*
3. *Where a member appoints two (2) or more proxies, the appointments shall be invalid unless he/she specifies the proportions of his/her holdings to be represented by each proxy.*
4. *The instrument appointing a proxy shall be in writing under the hand of the appointer or his/her attorney duly authorised in writing or, if the appointer is a corporation, either under the corporation's seal or under the hand of an officer or attorney duly authorised.*
5. *Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("**omnibus account**"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.*
6. *The instrument appointing a proxy must be deposited at the Registered Office of the Company at 123A, Jalan Raja Permaisuri Bainun (Jalan Kampar), 30250 Ipoh, Perak Darul Ridzuan at least forty-eight (48) hours before the time appointed for the Extraordinary General Meeting or any adjournment thereof.*



HUA YANG BERHAD
(Company No. 44094-M)

(Incorporated in Malaysia under the Companies Act, 1965)

PROXY FORM

*I/Weof being a member of **HUA YANG BERHAD** hereby appoint Mr/Mrs/Msofor failing whomofor failing whom the Chairman of the meeting as *my/*our proxies to vote for*me/*us and on *my/*our behalf at the Extraordinary General Meeting of the Company to be held at the Head Office of the Company at 4th Floor, C-21 Jalan Medan Selayang 1, Medan Selayang, 68100 Batu Caves, Selangor Darul Ehsan on Tuesday, 2 June 2015 at 10:00 a.m. or any adjournment thereof.

*My/*Our proxy(ies) is / are to vote as indicated below:-

Ordinary Resolution	For	Against
Proposed Acquisition		

Please indicate with (X) how you wish your vote to be casted. If no specific direction as to voting is given, the proxy will vote or abstain at his discretion.

Dated thisday of2015

NUMBER OF SHARES HELD

.....
Signature(s) / Common Seal of Shareholder(s)
*Delete if not applicable

Notes:-

1. Only members whose name appear in the Record of Depositors as at 26 May 2015 will be entitled to attend the Extraordinary General Meeting or appoint proxy/proxies in his/her stead or in the case of a corporation, a duly authorised representative to attend and vote on his/her stead.
2. A member entitled to attend and vote at the Extraordinary General Meeting is entitled to appoint a proxy/proxies who may but need not be a member/members of the Company to attend and vote in his/her stead and the provision of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.
3. When a member appoints two (2) or more proxies, the appointments shall be invalid unless he/she specifies the proportions of his/her holdings to be represented by each proxy.
4. The instrument appointing a proxy shall be in writing under the hand of the appointer or his/her attorney duly authorised in writing or, if the appointer is a corporation, either under the corporation's seal or under the hand of an officer or attorney duly authorised.
5. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("**omnibus account**"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
6. The instrument appointing a proxy must be deposited at the Registered Office of the Company at 123A, Jalan Raja Permaisuri Bainun (Jalan Kampar), 30250 Ipoh, Perak Darul Ridzuan at least forty-eight (48) hours before the time appointed for the Extraordinary General Meeting or any adjournment thereof.



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AFFIX
STAMP

HUA YANG BERHAD

(Company No. 44094-M)

123A, Jalan Raja Permaisuri Bainun
(Jalan Kampar), 30250 Ipoh
Perak Darul Ridzuan

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