THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action you should take, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Sino Haijing Holdings Limited, you should at once hand this circular to the purchaser or the transferee, or to the bank, stockbroker or other agent through whom the sale was effected for transmission to the purchaser or transferee.

Sino Haijing Holdings Limited
中國海景控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1106)

(1) MAJOR TRANSACTION SUBSCRIPTION OF SHARES IN YONG TAI; AND (2) PLACING OF NEW SHARES UNDER SPECIFIC MANDATE

Financial Advisor

川盟融資有限公司
Chanceton Capital Partners Limited

Placing Agents

Kingston Securities

中國銀河國際 CHINA GALAXY INTERNATIONAL

西證國際 SOUTHWEST SECURITIES

CLC INTERNATIONAL LIMITED 創僑國際有限公司

Unless the context otherwise requires, all capitalised terms used in this circular have the meanings set out in the section headed "Definitions" of this circular.

A letter from the Board is set out from pages 7 to 30 of this circular.

A notice convening an extraordinary general meeting (the "**EGM**") of the Company to be held at Level 3, Three Pacific Place, 1 Queen's Road East, Hong Kong on Friday, 12 August 2016 at 10:00 a.m. is set out on pages EGM-1 to EGM-2 of this circular. If you are unable to attend the EGM, you should complete and return the enclosed form of proxy in accordance with the instructions printed thereon to the Company's Hong Kong branch share registrar, Tricor Tengis Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding the EGM or any adjourned meeting (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting at the EGM or any adjourned meeting (as the case may be) should you so wish and in such event, the proxy shall be deemed to be revoked.

26 July 2016

CONTENTS

In this circular, unless the context otherwise requires, the following expressions have the following meanings:

"Addendum"	the addendum dated 20 July 2016 entered into between the Subscriber and Yong Tai to extend the date for fulfillment of the Conditions Precedent
"Board"	the board of Directors
"Business Day"	a day except Saturday, Sunday and public holidays (gazette or ungazetted) and unscheduled holidays, on which banks and financial institutions are open for business in Hong Kong, Kuala Lumpur and Selangor Darul Ehsan, Malaysia
"China Galaxy International Securities (Hong Kong) Co., Limited"	a company licensed under the SFO to conduct type 1 (dealing in securities), type 4 (advising on securities) and type 6 (advising on corporate finance) regulated activities as defined under the SFO
"CLC Securities Limited"	a company licensed under the SFO to conduct type 1 (dealing in securities) regulated activity as defined under the SFO
"close associate"	has the meaning ascribed to it under the Listing Rules
"Company"	Sino Haijing Holdings Limited (stock code: 1106), a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange
"Conditions Precedent"	the conditions precedent of the Subscription Agreement set out under the "THE SUBSCRIPTION" section headed "Conditions Precedent" herein
"connected person"	has the meaning ascribed to it under the Listing Rules
"Consideration"	the aggregate consideration payable by the Subscriber to Yong Tai for the Subscription Shares and ICPS, being Malaysian Ringgit two hundred and eighty million (RM280,000,000) (equivalent to approximately HK$518,000,000)
"Director(s)"	the director(s) of the Company

"EGM"	the extraordinary general meeting of the Company to be convened and held to approve the Subscription Agreement, the Placing Agreement, the grant of the Specific Mandate and the transactions contemplated thereunder
"Enlarged Group"	the Group as enlarged by the Subscription upon the Subscription Completion
"Group"	the Company and its subsidiaries
"HK$"	Hong Kong dollar, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the People's Republic of China
"ICPS"	the irredeemable convertible preference shares of Malaysian Ringgit Eighty Sen (RM0.80) each in Yong Tai
"Impression Land"	the seventeen (17) acres of seafront land located in Kawasan Bandar VI, District of Melaka Tengah, Melaka
"Impression Land SPA"	the conditional sale and purchase agreement dated 26 October 2015 entered into between YTB Impression with Admiral City Sdn Bhd (Company No. 1032606-T) for the proposed acquisition of the Impression Land upon the terms and conditions therein contained
"Independent Third Party(ies)"	third party(ies) independent of, not connected or acting in concert with any directors, chief executive and substantial shareholders of the Company or its subsidiaries or their respective associates (as defined in the Listing Rules)
"Issue Price"	RM0.80 (equivalent to approximately HK$1.48) per Subscription Share and ICPS respectively
"Kingston Securities Limited"	a company licensed under the SFO to conduct type 1 (dealing in securities) regulated activity as defined under the SFO
"Latest Practicable Date"	22 July 2016, being the latest practicable date for the purpose of ascertaining certain information for inclusion in this circular

"Last Trading Day"	19 May 2016, being the last trading day for the Shares before the date of the Placing Agreement
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Placee(s)"	any person(s) procured by or on behalf of the Placing Agents to subscribe for any of the Placing Shares pursuant to the Placing Agents' obligations under the Placing Agreement
"Placing"	the placing of the Placing Shares by or on behalf of the Placing Agents, on a best effort basis, to the Placee(s) pursuant to the Placing Agreement
"Placing Agents"	Collectively Kingston Securities Limited, China Galaxy International Securities (Hong Kong) Co., Limited, Southwest Securities (HK) Brokerage Limited and CLC Securities Limited, being corporations licensed to carry out, inter alia, type 1 (dealing in securities) regulated activity under the SFO in Hong Kong and the placing agents of the Company under the Placing
"Placing Agreement"	the placing agreement dated 19 May 2016 and entered into between the Company and the Placing Agents in respect of the Placing
"Placing Completion"	the completion of the Placing in accordance with the Placing Agreement
"Placing Completion Date"	the fifth business day after fulfillment of all the conditions precedent set out in the Placing Agreement, or such other time or date as the Placing Agents and the Company may agree in writing, on which completion of the subscription of all the Placing Shares by the Placees will take place
"Placing Conditions"	the conditions herein set out under the section head "Condition of the Placing"
"Placing Price"	HK$0.10 per Placing Share
"Placing Share(s)"	up to 6,000,000,000 new Shares to be issued by the Company pursuant to the Placing Agreement

"PRC"	the People's Republic of China, which for the purpose of this circular, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
"Proposed Bonus Issue of ICPS "	the proposed issue of up to approximately twenty million (20,000,000) ICPS to existing shareholders of YTB (excluding the Subscriber) via the capitalisation of Yong Tai's share premium account
"Proposed MGO Exemption"	the proposed exemption under Paragraph 16.1 of Practice Note 9 of the Malaysian Code on Take-Overs and Mergers 2010 from having to undertake a mandatory offer obligation to acquire the remaining YTB Shares not already held by the Subscriber following the subscription of its portion of the Subscription Shares
"Proposed Special Issue"	the proposed special issue of one hundred and fifty million (150,000,000) new YTB shares and two hundred million (200,000,000) ICPS to the Subscriber
"PTSI SPA"	the conditional sale and purchase agreement dated 26 October 2015 entered into between Yong Tai with PTS Properties Sdn Bhd (Company No. 985912-U), Boo Kuang Loon (NRIC No. 720702-04-5285) and Apple Impression Sdn Bhd (Company No. 834546-T) for the proposed acquisition of the entire equity interest in PTS Impression Sdn Bhd (Company No. 1035869-A)
"RM" and "Sen"	the lawful currency of Malaysia
"SFO"	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"Share(s)"	ordinary share(s) of par value HK$0.0125 each in the share capital of the Company
"Shareholder(s)"	holder(s) of the Shares
"Southwest Securities (HK) Brokerage Limited"	a company licensed under the SFO to conduct type 1 (dealing in securities) and type 4 (advising on securities) regulated activities as defined under the SFO
"Specific Mandate"	a specific mandate to allot and issue the Placing Shares to be sought from the Shareholders at the EGM

"Subscriber"	Impression Culture Asia Limited, a company incorporated in Hong Kong limited liability and a wholly-owned subsidiary of the Company
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Subscription"	the subscription of the Subscription Shares and ICPS by the Subscriber pursuant to the Subscription Agreement
"Subscription Agreement"	the agreement dated 4 February 2016 entered into between the Subscriber and Yong Tai with respect to the Subscription (as supplemented by the Addendum)
"Subscription Completion"	the completion of the Subscription in accordance with the Subscription Agreement
"Subscription Completion Date"	a day falling on or before the expiry of fourteen (14) days from the date of receipt of the Subscription Notice by the subscriber (or such other time and/or date as the Subscriber and the Company may mutually agree in writing)
"Subscription Notice"	the notice in writing served on the Subscriber by Yong Tai notifying the Subscriber to remit the Subscription Consideration
"Subscription of Shares in Yong Tai"	the subscription pursuant to the agreement dated 4 February 2016 entered into between Impression Culture Asia Limited and Yong Tai Berhad. Details of which were disclosed in the Company's announcement dated 5 February 2016
"Subscription Shares"	the subscription shares of 150,000,000 new YTB Shares
"UNESCO"	The United Nations Educational, Scientific and Cultural Organization
"Yong Tai"	Yong Tai Berhad, a company incorporated and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad
"Yong Tai Group" or "Group of Yong Tai"	Yong Tai and its subsidiaries

"YTB Shares"	the ordinary shares of Yong Tai with a nominal value of RM0.50 each
"YTB Impression"	YTB Impression Sdn Bhd, a wholly owned subsidiary of Yong Tai
"%"	per cent

For illustration purposes, amounts in RM in this circular have been converted into HK$ by using the rate of RM1 = HK$1.85.

The conversion rate is for illustration purpose only and should not be taken as a representation that RM could actually be converted into HK$ at such rate or at all.

Sino Haijing Holdings Limited
中國海景控股有限公司
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 1106)

Executive Directors:
Ms. Li Zhenzhen *(Chairman)*
Mr. Lam Chi Keung
Mr. Lam Wai Hung
Ms. Hu Jianping
Mr. Wang Xin

Non-executive Director:
Mr. Wei Liyi

Independent non-executive Directors:
Mr. Pang Hong
Mr. Lee Tao Wai
Mr. Lam Hoi Lun

Registered office:
Cricket Square Hutchins Drive
P.O. Box 2681 Grand Cayman
KY1-1111 Cayman Islands

Head office and principal place of business in Hong Kong:
Suites 3701-10, 37/F,
Jardine House
1 Connaught Place
Central, Hong Kong

To the Shareholders

Dear Sir or Madam,

(1) MAJOR TRANSACTION
SUBSCRIPTION OF SHARES IN YONG TAI
AND
(2) PLACING OF NEW SHARES UNDER SPECIFIC MANDATE

INTRODUCTION

Reference is made to the Company's announcements dated 5 February 2016 and 20 July 2016 in relation to the Subscription Agreement and the Addendum entered into between the Subscriber and Yong Tai.

The Subscription constitutes a major transaction on the part of the Company under Chapter 14 of the Listing Rules and is subject to the announcement and Shareholders' approval requirements under Chapter 14 of the Listing Rules. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, no Shareholders have any material interest in the Subscription or are required to abstain from voting at the EGM to approve the Subscription.

Reference is also made to the Company's announcement dated 19 May 2016 whereby the Board announced, inter alia, that on 19 May 2016, the Company and the Placing Agents entered into the Placing Agreement pursuant to which the Company has conditionally agreed to place, through the Placing Agents, on a best effort basis, up to 6,000,000,000 new Shares to not less than six Placees who and whose ultimate beneficial owners are third parties independent of and not connected with the Company and its connected persons at the Placing Price of HK$0.10 per Placing Share. The Placing is subject to the Shareholders' approval at the EGM. The EGM will be convened at which, inter alia, a resolution will be proposed to seek the approval of the Shareholders for the grant of the Specific Mandate to cover the allotment and issue of the Placing Shares pursuant to the Placing Agreement.

The purposes of this circular are to provide you with, among others, (i) further information regarding the Subscription and the Placing, (ii) information regarding the fundraising and payment instruction, (iii) such other information as required by the Listing Rules together with a notice of the EGM and a form of proxy.

THE SUBSCRIPTION

Date

4 February 2016 (after trading hours)

Parties

(A) the Subscriber; and

(B) Yong Tai, as the issuer.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, Yong Tai and its ultimate beneficial owners are Independent Third Parties.

Subject matter

Subject to fulfillment of the Conditions Precedent as set out in the section headed "Conditions Precedent" below, the Subscriber has agreed to subscribe for 150,000,000 new YTB Shares and 200,000,000 ICPS at the Issue Price of RM0.80 (equivalent to approximately HK$1.48) per Subscription Share and ICPS respectively.

The Subscription Shares shall rank *pari passu* in all respects with the existing Shares (save and except that the Subscription Shares shall not be entitled to participate in the Proposed Bonus Issue of ICPS) and the ICPS shall rank *pari passu* in respect with each other upon the terms and conditions in the Subscription Agreement.

Issue Price

The Issue Price of the YTB shares and ICPS is RM0.80 per Subscription Share which represents:

(i) a premium of approximately 4.6% to the closing price of RM0.765 per share as quoted on the Bursa Malaysia Security Berhad on 4 February 2016, being the last full trading day for such shares before the date of the Subscription Agreement;

(ii) a discount of approximately 26.6% to the closing price of approximately RM1.09 per share as quoted on the Bursa Malaysia Security Berhad as at the Latest Practicable Date; and

(iii) a premium of approximately 50.9% over the net asset value of approximately RM0.53 per share based on Yong Tai's unaudited consolidated net asset value as at 31 March 2016.

Consideration

The aggregate Consideration for the Subscription Shares and ICPS are RM280,000,000 (equivalent to approximately HK$518,000,000). The Subscriber intends to finance the payment from the Group's internal financial resources and the Company's proposed fund raising activity.

The Directors noted that the valuation on the fair value of the ICPS prepared by APAC Asset Valuation and Consulting Limited as at 31 December 2015 ("Valuation") was approximately HK$196 million, which has HK$100 million difference from the ICPS Subscription consideration of HK$296 million. Nevertheless, the Valuation does not form part of the basis of the Consideration.

The Consideration has been arrived at after arm's length negotiations between the Company and Yong Tai and was determined with reference to:

(i) the closing price of the shares of Yong Tai on Bursa Malaysia Securities Berhad on 4 February 2016 of RM0.765 per YTB Share;

(ii) prevailing market price of the YTB shares during the period from 31 December 2015 to 4 February 2016 with the average closing stock price of RM 0.753 compared to the issue price of RM 0.80 which the Directors consider fair and reasonable;

and having considered

(i) Yong Tai comprises various types of potential and ongoing high-quality property development projects located in Malaca including residential, commercial property projects as illustrated under the section headed "REASON FOR THE SUBSCRIPTION"; and

(ii) the quality, location, value and condition and growth potential of the Yong Tai which provides an attractive strategic investment opportunity for the Group;

the Board is of the view that the Consideration is fair and reasonable and on normal and commercial terms and the entering into of the Subscription Agreement and the transactions contemplated thereunder are in the interests of the Company and its Shareholders as a whole.

Addendum

On 20 July 2016 (after trading hours), the Subscriber and Yong Tai entered into an addendum agreeing to extend the date for fulfillment of the conditions precedent set out in the Subscription Agreement from 3 August 2016 to 3 October 2016. Save as aforesaid, all other terms of the Subscription Agreement shall remain unchanged and in full force and effect.

Conditions Precedent

The issuance of the Subscription Shares and ICPS shall be conditional upon the fulfillment of the following Conditions Precedent within eight (8) months from the date of the Subscription Agreement or such other period as the parties and the Subscription Agreement may mutually agree in writing:

(i) Yong Tai obtaining the approval of its shareholders in general meeting for the transactions contemplated in the Impression Land SPA and PTSI SPA, the Proposed Special Issue, the Proposed Bonus Issue of ICPS, the proposed amendments to Yong Tai's memorandum and articles of association to facilitate the issuance of the ICPS and the Proposed MGO Exemption;

(ii) the completion of PTSI SPA by Yong Tai;

(iii) the Subscriber and/or the Company obtaining the approval of its/their shareholder(s) in general meeting for the subscription of the Subscription Shares and ICPS and the Company's possible fund raising activity;

(iv) Yong Tai obtaining the approval-in-principle from Bursa Malaysia Securities Berhad for the listing of and quotation for the ICPS, Subscriber's Shares and the YTB Shares to be issued arising from the conversion of the ICPS pursuant to the Proposed Special Issue and the Proposed Bonus Issue of ICPS on the Main Market of Bursa Malaysia Securities Berhad;

(v) the approval of the Securities Commission of Malaysia being obtained by the Subscriber for an exemption under Paragraph 16.1 of Practice Note 9 of the Malaysian Code on Take-Overs and Mergers 2010 from having to undertake a mandatory offer obligation to acquire the remaining YTB Shares not already held by the Subscriber following the subscription of its portion of the Subscription Shares;

(vi) the completion of the Company's fund raising activity to raise net proceeds of no less than HK$500,000,000 and the receipt of all proceeds by the Company;

(vii) the clearance of all announcement(s), circular(s), prospectus(es) (if required) to be issued by the Company pursuant to the Listing Rules and granting of all approvals, if necessary, by the Stock Exchange of Hong Kong Limited, the Securities and Futures Commission of Hong Kong or any other regulatory body or by shareholders of the Subscriber in respect of all transactions contemplated by the Subscription Agreement;

(viii) approval or consent of any other relevant authority(ies) or person(s), if required; and

(ix) the Subscriber and/or the Company, in its/their absolute discretion satisfied with the result of due diligence investigation in respect of Yong Tai and its subsidiaries including but not limited to the financial affairs, business, assets, liabilities and legal issues (if any).

In the event that any relevant authorities shall impose conditions and/or impose variations upon the terms and conditions of the Subscription Agreement on the Company and/or the Subscriber and/or Yong Tai, any party who finds the conditions and/or variations unacceptable may, if it desires appeal to the relevant authority for the revision or removal of the conditions and/or variations, within fourteen (14) days of receipt of notification from the relevant authority, failing which the conditions and/or variations shall be deemed to have been accepted. In the event of such an appeal, the parties shall inform each other on whether they accept the decision upon the appeal within fourteen (14) days of receipt of the same from the relevant authority, failing which the results of the appeal shall be deemed to have been accepted. In the event that one party shall give notice within the said fourteen (14) day period to the other party that it does not accept the results of the appeal, then the Conditions Precedent shall be considered to not have been fulfilled.

The Subscriber and/or the Company (as the case may be) may, in its/their absolute discretion, waive the conditions (i) to (ix) set out above to any extent at any time by notice in writing served on the Subscriber or the Company (as the case may be). Yong Tai shall use its best endeavours to secure satisfaction of the conditions set out in paragraphs (i), (ii), (iv), (viii) above and except to the extent waived by the Subscriber and/or the Company. In the event that the Conditions Precedent are not fulfilled and/or waived within the period stipulated above or such extension as may be mutually agreed by the parties, the Subscription Agreement shall be null and void and of no further force and effect with neither party having any rights and obligations against the other save and except for any antecedent breaches.

In the event that any party becomes aware that any of the approvals or consents referred to above has been granted unconditionally, it must within three (3) Business Days of receipt of confirmation of the same notify the other in writing.

Conditions Precedent Status

As at the Latest Practicable Date, both the Subscriber and the Company do not intend to waive any Conditions Precedent, the status of fulfillment of the Conditions Precedent is as follow:

	Detail	Status
(i)	Yong Tai obtaining the approval of its shareholders in general meeting for the transactions contemplated in the Impression Land SPA and PTSI SPA, the Proposed Special Issue, the Proposed Bonus Issue of ICPS, the proposed amendments to Yong Tai's memorandum and articles of association to facilitate the issuance of the ICPS and the Proposed MGO Exemption;	Pending
(ii)	the completion of PTSI SPA by Yong Tai;	Pending
(iii)	the Subscriber and/or the Company obtaining the approval of its/their shareholder(s) in general meeting for the subscription of the Subscription Shares and ICPS and the Company's possible fund raising activity;	Pending
(iv)	Yong Tai obtaining the approval-in-principle from Bursa Malaysia Securities Berhad for the listing of and quotation for the ICPS, Subscriber's Shares and the YTB Shares to be issued arising from the conversion of the ICPS pursuant to the Proposed Special Issue and the Proposed Bonus Issue of ICPS on the Main Market of Bursa Malaysia Securities Berhad;	Fulfilled
(v)	the approval of the Securities Commission of Malaysia being obtained by the Subscriber for an exemption under Paragraph 16.1 of Practice Note 9 of the Malaysian Code on Take-Overs and Mergers 2010 from having to undertake a mandatory offer obligation to acquire the remaining YTB Shares not already held by the Subscriber following the subscription of its portion of the Subscription Shares;	Pending
(vi)	the completion of the Company's fund raising activity to raise net proceeds of no less than HK$500,000,000 and the receipt of all proceeds by the Company;	Pending

Detail		Status
(vii)	the clearance of all announcement(s), circular(s), prospectus(es) (if required) to be issued by the Company pursuant to the Listing Rules and granting of all approvals, if necessary, by the Stock Exchange of Hong Kong Limited, the Securities and Futures Commission of Hong Kong or any other regulatory body or by shareholders of the Subscriber in respect of all transactions contemplated by the Agreement;	Pending
(viii)	approval or consent of any other relevant authority(ies) or person(s), if required; and	Pending
(ix)	the Subscriber and/or the Company, in their absolute discretion satisfied with the result of due diligence investigation in respect of Yong Tai and its subsidiaries including but not limited to the financial affairs, business, assets, liabilities and legal issues (if any).	Pending

Lock-up Undertaking

Pursuant to the Subscription Agreement, the Subscriber warrants and undertakes with Yong Tai that the Subscriber shall not dispose of any of the Subscription Shares for a period of one (1) year commencing from the date of the listing of and the quotation for the Subscription Shares on the Main Market of Bursa Malaysia Securities Berhad.

Subscription Completion

On or before the expiry of three (3) months from the fulfillment of the last of the Conditions Precedent, Yong Tai shall serve the Subscription Notice on the Subscriber. On the Subscription Completion Date, the Subscriber shall deliver to Yong Tai the Consideration for the Subscription Shares and ICPS. Upon receipt of the Consideration, Yong Tai shall as soon as practicable allot and issue the Subscription Shares and ICPS to the Subscriber.

To the best knowledge of the Directors having made reasonable enquiries, Yong Tai proposed to raise up to RM336 million (equivalent to approximately HK$622 million) through the Subscription and other fund raising activities ("**Yong Tai other Fund Raising Activities**"), primarily to, amongst others, fund its proposed acquisition of Impression land; the construction and production cost for "Impression Melaka" projects, financing existing and/or future projects to be undertaken to its proposed joint venture in Melaka in relation to the development and operation of cultural performances and related activities; and future acquisition of new land banks and/or property development related projects by Yong Tai.

Upon the Subscription Completion, (i) assuming the exercise of all conversion rights attached to existing equity convertible securities issued by Yong Tai, the completion of Yong Tai Other Funding Raising Activities and the full conversion of the ICPS into YTB shares, the Group will be interested in approximately 50.3% of the enlarged share capital of Yong Tai and Yong Tai will become a subsidiary of the Company and the financial information of the group of Yong Tai will be consolidated into the accounts of the Group. As the Latest Practicable Date, the Company considers the Subscription of Shares on Yong Tai as a strategic investment, and has no intention to convert the ICPS which results in Yong Tai become a subsidiary of the Company; (ii) assuming the exercise of all conversion rights attached to existing equity convertible securities issued by Yong Tai, the completion of Yong Tai Other Fund Raising Activities but none of the ICPS were converted into YTB Shares, the Group will be interested in approximately 30.3% (35.3% if Yong Tai Other Fund Raising Activities could not be completed) of the enlarged share capital of Yong Tai and Yong Tai will become an associated company of the Company and financial information of the group of Yong Tai will not be consolidated into the accounts of the Group and the investment in Yong Tai will be accounted for using the equity method of accounting.

INFORMATION ABOUT YONG TAI

The principal activity of Yong Tai is that of investment holding. The principal activities of the subsidiaries are manufacturing and dyeing of all types of fabric and property development.

Yong Tai is a public company listed on the Main Market of Bursa Malaysia Securities Berhad which core business is in property development. Yong Tai's existing property projects are strategically located within the heritage city centre of Melaka, one of the fastest growing states in Malaysia. The existing property projects are easily accessible as they are located on prime locations with close proximity to commercial centres, banks, hotels, amenities and just 1.5 kilometres away from the historical and cultural heritage UNESCO World Heritage site of Melaka. Furthermore, regarding the post-development, the existing projects are expected to contribute recurring income to the Yong Tai Group with revenue from the hotel operations, driven by the vibrant tourism activities in Melaka.

According to the published financial statements of Yong Tai, its consolidated financial results prepared in accordance with the Malaysian Financial Reporting Standards for the two years ended 30 June 2014 and 30 June 2015:

	For the year ended 30 June 2014 *RM*	**For the year ended 30 June 2015** *RM*
Revenue	48,460,809	96,956,331
(Loss)/profit before tax	(3,164,807)	2,283,303
(Loss)/profit after tax	(7,274,795)	7,725,682

The audited consolidated net assets of Yong Tai as at 30 June 2015 is RM84,183,146 (equivalent to approximately HK$155,738,820).

Financial Review

Yong Tai had returned to profitability for the year in review registering RM7.73 million in net profit for the year ended 30 June 2015, a complete turnaround from a net loss of RM7.28 million in the previous corresponding period. The profits were mainly arising from the contribution from the joint venture project collaboration in the property business and gain on disposal of two loss making wholly owned subsidiaries, amounted to RM7.09 million.

Yong Tai's revenue doubled to RM96.96 million for the year ended 30 June 2015 from RM48.46 million when compared to the corresponding period for the year ended June 2014. The increase in revenue was mainly attributable to revenue recognition from on-going project in the property development business segment. Yong Tai's property development business segment contributed RM55.45 million, representing 57.19% of Yong Tai's total revenue of RM96.96 million, following the completion of its maiden property development joint venture project with PTS Properties (PTS Properties) in Melaka, namely The Pines. Earnings per share for the 12-month period stood at 18.6 sen from a loss per share of 17.70 sen previously. Yong Tai as at the year ended 30 June 2015 had cash and bank balances amounting to RM42.50 million and RM18.78 million in borrowings.

Retailing and Trading of Textile and Garments Business

During the financial year ended 30 June 2015, Yong Tai had achieved consolidated revenue of RM30.88 million for its retailing and trading of textile and garment products while the consolidated results of this segment reported operating loss of RM0.87 million for the financial year ended 30 June 2015, representing a 16.57% decrease in the segmental revenue and a 13.06% increase in segmental operating loss respectively when compared to the financial year ended 30 June 2014.

Manufacturing of Garments Business (discontinued business)

During the financial year ended 30 June 2015, Yong Tai sold its entire manufacturing of garments business. Yong Tai had achieved consolidated revenue of RM22.50 million for its manufacturing of garments segment while the consolidated results of this segment reported operating profit of RM1.29 million for the financial year ended 30 June 2015, representing a 46.61% increase in the segmental revenue and a turnaround in the segmental operating result respectively when compared to the financial year ended 30 June 2014.

Manufacturing and Dyeing of Fabric and Related Business

During the financial year ended 30 June 2015, Yong Tai had achieved consolidated revenue of RM11.01 million for its manufacturing and dyeing of fabric and related segment while the consolidated results of this segment reported operating profit of RM0.14 million for the financial year ended 30 June 2015, representing a 3.84% decrease in the segmental revenue and a 9.51% increase in segmental operating profit respectively when compared to the financial year ended 30 June 2014.

Development of Residential and Commercial Properties Business

During the financial year ended 30 June 2015, Yong Tai has diversified its business operation in property development industry. Yong Tai's property development business segment contributed revenue of RM55.45 million and operating profit of RM4.19 million, the revenue represents 57.19% of the Yong Tai's total revenue of RM96.96 million for the year ended 30 June 2015, which is commendable, following the completion of its maiden property development joint venture project with PTS Properties Sdn Bhd (PTS Properties) in Melaka, namely 99 Residences. 99 Residences is now known as The Pines.

Review of Yong Tai's Operations

During the financial year ended 30 June 2015, among the key corporate exercises initiated was the second joint venture (JV) project collaboration with A99 development to develop a hotel and serviced apartments known as The Apple, in Melaka. The mixed development project comprising a 16-storey 4-star hotel known as courtyard by Marriott, 32-storey block of serviced apartments and the podium. Through the JV, Yong Tai will have a share of the profit from the sale of the serviced apartments as well as from the operation of the hotel which will be managed by the well-known Courtyard by the Marriott group.

Once completed, It is poised to become one of the iconic high-rise buildings as Melaka city's premier tourism and luxury destination, and will cater to the growing demand for four (4)-star quality hotels in Melaka from visiting tourists.

INFORMATION ABOUT THE GROUP

The Group is principally engaged in the manufacture and sale of packaging materials in the PRC. The Group's chief operating decision maker regularly reviews the consolidated financial information to assess the performance and make resource allocation decisions.

REASON FOR THE SUBSCRIPTION

The Company is optimistic about the prospects of the property industry in Melaka, one of the fastest growing states in Malaysia.

The board noticed that Yong Tai had returned to profitability for the year ended 30 June 2015 in review registering RM7.73 million in net profit, from a net loss of RM7.28 million in the previous corresponding period. The profits were mainly arising from the contribution from the joint venture project collaboration in the property business and gain on disposal of two loss making wholly owned subsidiaries, Golden Vertex Sdn Bhd and The Image Outlet Sdn Bhd amounted to RM7.09 million.

Yong Tai's revenue doubled to RM96.96 million for the year ended 30 June 2015 from RM48.46 million when compared to the corresponding period for the year ended June 2014. The increase in revenue was mainly attributable to revenue recognition from on-going project in the property development business segment.

As at the Latest Practicable Date, Yong Tai has four potential development projects. Yong Tai had on 3 August 2015 entered into four separate memorandums of understanding with vendors of PTS Impression Sdn Bhd ("**PTS Impression**"), Terrawest Resources Sdn Bhd ("**Terrawest**"), Land & Build Sdn Bhd ("**Land & Build**") and Admiral City Sdn Bhd ("**Admiral City**") to negotiate towards entering into definitive agreements for the following proposals:

(i) proposed acquisition of the entire equity interests in the following companies:

(a) PTS Impression, which holds the licence to produce and stage "Impression Melaka";

(b) Terrawest, which owns 1.5 acres of land in Puchong for a potential mixed development project;

(c) Land & Build, which holds the development rights for a mixed development project on 1.77 acres of land in Johor Bahru, Johor;

(ii) proposed acquisition of 17 acres of seafront land located in Melaka for a potential development into a theatre mainly for production of Impression Melaka; and

(iii) proposed establishment of a joint development arrangement to jointly develop 100 acres of leasehold land located in Melaka, which is adjacent to the Impression Land.

The proposals above provides Yong Tai with four potential property development projects carrying a combined gross development value of approximately RM7 billion over the next 8 years in Melaka, Klang Valley and Johor, the Company considers the prospect of Yong Tai is optimistic.

Onging Property Project

The Yong Tai Group has three property projects in developing currently, namely "The Apple & Courtyard By Marriott" the "Impression Melaka" and the "Impression City, Melaka".

The Apple & Courtyard By Marriott

"The Apple & Courtyard By Marriott" was Launched in Nov2014 and will be completed in 2018,the hotel is located in Melaka town, combining one block of a 40 storey 361 units of exclusive service apartment and block of 284 rooms which will be considered as the landmark luxury hotel in Melaka. The hotel will be retained as investment property for Marriot Group to operate and together recurring income for the Yong Tai Group. According to the management of Yong Tai Group, the gross development value of the project is approximately RM 234 million, the gross development cost is approximately RM 145 million and the estimated gross profit is approximately RM 89 million.

Impression Melaka

"Impression Melaka" will be the 1st world class international life performance outside China, the performance will feature historic legacies during the colonization era along with the local & modern architecture, it is an Endorsedas Entry Point Project (EPP) under the tourism bureau of Malaysia, Yong Tai will have 100% contribution from the ticket sales, the construction period will be from 2016 to 2017 and the projected return expect to contribute from year 2018.

Impression City, Melaka

"Impression City, Melaka" is an intergraded mix development with consist of shopping mall, commercial complex, hotel, service apartment, office tower & retail shop, it is set to become the ultimate leisure and tourist destination in Melaka. The project will kick off with the development of Impression Melaka's mega performance theatre which the implementation period is from 2016 to 2023. According to the management of Yong Tai Group, the gross development value of the project is approximately RM 5.4 billion, the gross development cost is approximately RM 3.8 billion and the estimated gross profit is approximately RM 1.6 billion.

In view of the demonstrated strong financial performance of Yong Tai for the year ended 30 June 2015, the Directors believe that the strategic investment will provide a reasonable strategic investment opportunity for the Company and enable the Group to generate sustainable and attractive returns for the Shareholders.

The Directors (including the independent non-executive Directors) consider that the Subscription was made on normal commercial terms, and the terms are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

FINANCIAL EFFECTS OF THE SUBSCRIPTION

Prior to the Subscription Completion, the Group does not hold any shares of Yong Tai. After the Subscription Completion, assuming the exercise of all conversion rights attached to existing equity convertible securities issued by Yong Tai, the completion of Yong Tai Other Funding Raising Activities and the full conversion of the ICPS into YTB shares, the Group will be interested in approximately 50.3% of the enlarged share capital of Yong Tai and Yong Tai will become a subsidiary of the Company and the financial information of the group of Yong Tai will be consolidated into the accounts of the Group. As the date of this submission the Company considers the Subscription of Shares on Yong Tai as a strategic investment, and has no intention to convert the ICPS which results in Yong Tai become a subsidiary of the Company.

As illustrated in the unaudited pro forma financial information as set out in Appendix I to this circular, upon the Subscription Completion, the total assets of the Group would increase from approximately HK$609 million to HK$671 million on a pro forma basis, and the total liabilities of the Group would increase from approximately HK$518 million to HK$520 million on a pro forma basis.

Since the subscription is for a total consideration of HK$518 million, the Board considers that the subscription is made through arm's length negotiations that has positive impact on the Group's net assets. In the preparation of the unaudited pro forma information of the Group, the valuation of Yong Tai was determined by an independent valuer, APAC Asset Valuation and Consulting Limited, which such valuation has no profit forecast involved in the valuation and it does not form part of the basis of the consideration. The Directors are of the view that the valuation are fair and reasonable.

FINANCIAL AND TRADING PROSPECTS OF THE GROUP

It is the Group's strategy to diversify its business and broaden its revenue base. At this moment, the Company has no intention, negotiation, agreement, arrangement and understanding about any disposal, scaling down and/or termination of its existing business. The Subscription will provide a strategic investment opportunity for the Group. The Directors remain positive on the long term prospects of the Group.

Waiver from strict compliance with the Listing Rules to prepare an accountants' report

Pursuant to Rule 14.67(6)(a)(i) of the Listing Rules for major transactions, the Company is required to include in the circular of the Acquisition an accountant's report on Yong Tai in accordance with Chapter 4 of the Listing Rules. The accountants' report for the purpose of the Subscription is supposed to include the financial information and of Yong Tai for the three financial years ended 30 June 2013, 2014, 2015 and the consolidated results for the nine months ended 31 March 2016 under the accounting policies that should be materially consistent with the Company.

Reason for not preparing an accountant's report on Yong Tai

Yong Tai (stock code 7066, YONGTAI) is listed on Bursa Malaysia Berhad (Bursa Malaysia, MYX), a renowned regulated, regular opening, open stock exchange in the Asian Pacific Region. As the Company considers the Subscription of Shares in Yong Tai as a strategic investment, and has no intention to convert the ICPS resulting in Yong Tai becoming a subsidiary of the Company, Yong Tai will not become a wholly-owned subsidiary of the Company upon the Subscription Completion, hence, the Company is unable to obtain the internal financial information of Yong Tai. As a result, the Company could only obtain the most up-to-date financial information, including the balance sheets for the financial year ended 30 June 2015 and quarter reports on consolidated results for the nine months ended 31 March 2016 from public domain of the Bursa Malaysia.

As listed companies in the MYX, Yong Tai is required to file annual financial statements and quarterly condensed interim financial statements prepared in accordance with applicable securities laws of the Stock Exchange and Future Trading Laws of Malaysia, MYS. The audited financial statements for the financial year ended 30 June 2015 and quarter reports on consolidated results for the nine months ended 31 March 2016 for Yong Tai has been prepared in accordance with IFRS.

In replacement of an accountants' report on Yong Tai, the following disclosure has been included in this circular:

(i) The audited financial information for the year ended 30 June 2013, the audited financial information for the year ended 30 June 2014, the audited financial information for the year ended 30 June 2015 and the unaudited (but reviewed) financial information for the nine months ended 31 March 2016, respectively, as set out in the section entitled "Appendix II – Financial Information of Yong Tai – Published Financial Information of Yong Tai for Each of the Three Years Ended 30 June 2013, 2014 and 2015 and Nine Months Ended 31 March 2016".

(ii) A letter from the reporting accountant of the Company, Mazars CPA Limited explaining that there were no differences between Malaysian accounting standards and Hong Kong Financial Reporting Standards (HKFRS) that had material effect on Yong Tai's Financial information.

(iii) The reason for not preparing an accountant's report on Yong Tai.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios in respect of the Subscription exceeds 25% but all are less than 100%, the Subscription constitutes a major transaction of the Company under the Listing Rules. The Subscription is therefore subject to the reporting, announcement and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

THE PLACING

Set out below are the principal terms of the Placing Agreement:

Date:	19 May 2016 (after trading hours)
Issuer:	the Company
Placing Agents:	Kingston Securities Limited China Galaxy International Securities (Hong Kong) Co., Limited Southwest Securities (HK) Brokerage Limited CLC Securities Limited

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, as at the Latest Practicable Date, the Placing Agents and their ultimate beneficial owners are Independent Third Parties.

Placing Shares

The Company and the Placing Agents entered into the Placing Agreement whereby the Company agreed to place, through the Placing Agents, on a best effort basis, up to 6,000,000,000 new Shares to not less than six independent Placees at the Placing Price of HK$0.10 per Placing Share.

The placing period for the Placing will commence from (and including) the date of signing of the Placing Agreement and ending on (and including) the 10th Business Day before the Placing Completion Date (or such other period as may be agreed in writing between the Placing Agents and the Company).

Assuming that there will be no change in the issued share capital of the Company between the Latest Practicable Date and the Placing Completion Date, the maximum number of 6,000,000,000 Placing Shares represent (i) approximately 167.1% of the existing issued share capital of the Company, and (ii) approximately 62.6% of the issued share capital of the Company as enlarged by the issue of the Placing Shares. The aggregate nominal value of the maximum number of the Placing Shares will be HK$75,000,000.

Ranking of Placing Shares

The Placing Shares, when issued and fully paid, will rank, pari passu in all respect with the Shares in issue on the date of allotment and issue of the Placing Shares.

Placing Price

The Placing Price of HK$0.10 per Placing Share represents:

(a) a discount of 29.08% to the closing price of HK$0.141 per Share as quoted on the Stock Exchange on the Last Trading Day;

(b) a discount of 29.08% to the average closing price of approximately HK$0.141 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to the Last Trading Day;

(c) a discount of approximately 29.58% to the average closing price of approximately HK$0.142 per Share as quoted on the Stock Exchange for the last ten consecutive trading days immediately prior to the Last Trading Day;

(d) a discount of 31.51% to the closing price of HK$0.146 per Share as quoted on the Stock Exchange on the Latest Practicable Date; and

(e) a premium of 3.31% to the price of HK$0.0968 per Share as the latest published net asset value per share.

The Placing Price was determined after arm's length negotiations between the Company and the Placing Agents with reference to (i) the historical trading prices and trading liquidity of the Shares in the previous 18-month period; and (ii) the Company's imminent funding needs for the Subscription of Shares in Yong Tai.

The Board has made reference to (i) the fluctuation of the market prices of the Shares in the past 18 months before the date of the Placing Agreement with the closing prices of the Shares ranging from HK$0.074 per Share to HK$0.299 per Share; (ii) the funding need of approximately HK$580 million as stated in the paragraph headed "Reasons for the Placing and Use of Proceeds" below; (iii) the dilution impact of the Placing to the current shareholding of the Company; (iv) although the Placing has an inherent dilutive nature, it is subject to the Shareholders' approval at the EGM; (v) the placing price of HK$0.10, which represents a premium of 3.31% to HK$0.0968 per Share as the latest published net asset value per Share; (vi) it is not uncommon for listed issuers in Hong Kong to set the placing price at a discount to the closing prices in order to increase attractiveness of the placing; and (vii) the Hong Kong economy slowed further in the first quarter of 2016, growing meagerly by 0.8% in real terms over a year earlier. This compared to the 1.9% growth in the preceding quarter. The Hong Kong stock market underwent another correction at the start of the year, reflecting increased global financial volatility upon the bleaker global outlook and intensified divergence in monetary policy stances among major central banks. Stock prices have nevertheless rebounded since mid-February, the Hang Seng Index (HSI) came under pressure on entering 2016 and hit a low of 18,320 at the close of 12 February 2016, and closed at 19,915 on 12 May 2016 9.1% lower than at end-2015, given the recent volatility in the Hong Kong stock market and the downward trading price trend of the Shares in the two months before the signing of the Placing Agreement, a relatively deep discount is appropriate in order to maintain attractiveness of the Placing.

The Placing Price of HK$0.10 per Placing Share represents:

(a) a discount of 29.08% to the closing price of HK$0.141 per Share as quoted on the Stock Exchange on the Last Trading Day; (b) a discount of 29.08% to the average closing price of approximately HK$0.141 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to the Last Trading Day; and (c) a discount of approximately 29.58% to the average closing price of approximately HK$0.142 per Share as quoted on the Stock Exchange for the last ten consecutive trading days immediately prior to the Last Trading Day.

The Directors are of the view that the proposed discount of the Placing Price to the market price of the Shares and the number of the Placing Shares are appropriate. The Directors consider that the terms of the Placing Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Placing Commission

The Placing Agents will receive a placing commission of 3% of the aggregate Placing Price multiplied by the number of Placing Shares actually placed by the Placing Agents in the Placing in accordance with the Placing Agreement.

The placing commission was determined after arm's length negotiation between the Company and the Placing Agents with reference to the market rate and after taking into account the size of the Placing and the current capital market performance and sentiment.

The Directors (including the independent non-executive Directors) consider that the commission for the Placing is fair and reasonable.

Placee(s)

The Placing Shares shall be offered by the Placing Agents to not less than six Placee(s), who, and its (their) ultimate beneficial owner(s), will be Independent Third Party(ies). Under the Placing Agreement, each Placee must confirm that it will not become a substantial shareholder of the Company as defined in the SFO (that is, a holder of 5% or more of the Company's issued share capital) immediately after the Placing Completion. Therefore, it is confirmed by the Company that none of the Placee(s) will become a substantial Shareholder (as defined in the Listing Rules) immediately after completion of the Placing.

Placing Conditions

The Placing Completion is conditional upon satisfaction of the following:

(a) the authorised share capital of the Company has been increased so that there will be sufficient amount of authorised share capital for allotting and issuing the Placing Shares;

(b) the Specific Mandate has been obtained by the Board from the Shareholders at the EGM;

(c) the Listing Committee of the Stock Exchange agreeing to grant the listing of and permission to deal in the Placing Shares and which have not been subsequently revoked prior to the Placing Completion;

(d) all the Conditions Precedent have been fulfilled and/or waived (as the case may be); and

(e) no representation, warranty or undertaking of the Company under the Placing Agreement having been materially breached or is otherwise rendered inaccurate, untrue or misleading in any material respect, in each case on or prior to the Placing Completion.

The Subscription of Shares in Yong Tai will not proceed if the funds to be raised from the Placing is less than HK$500 million. In other words, if there is a shortfall, both Subscription and Placing will not proceed.

If any of the above conditions are not fulfilled by the 30th day after the date of the EGM (or such later date as may be agreed between the Company and the Placing Agents), the Placing Agreement shall be terminated forthwith and all rights, obligations and liabilities of the parties hereunder in relation to the Placing shall cease and determine and none of the parties to the Placing Agreement shall have any claim against any other in respect of the Placing, save for any antecedent breaches thereof.

Specific Mandate to issue the Placing Shares

The Placing Shares will be issued under the Specific Mandate to be approved and granted by the Shareholders at the EGM.

Application for listing

An application will be made by the Company to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Placing Shares.

Termination of the Placing Agreement

Each Placing Agent shall have the right to terminate the Placing Agreement (as between such Placing Agents and the Company) by notice in writing given to the Company at any time prior to 11:00 a.m. on the Placing Completion Date if any of the following occurs:

(A) there shall have come to the notice of the Placing Agents any material breach of, or any event rendering untrue or incorrect in any material respect, any of the representations and warranties of the Company contained herein or any failure by the Company to perform its undertakings in the Placing Agreement;

(B) in the sole and reasonable opinion of any of the Placing Agents, there shall have been such a change in the national or international financial, political or economic conditions or currency exchange rates or exchange controls as would in its judgment be likely to prejudice the success of the Placing or trading in the Shares in the secondary market;

(C) any new law, rule or regulation or any change in existing laws (including common law), rules or regulations (or the juridical interpretation thereof) or other occurrence of any nature whatsoever which, in the sole and absolute opinion of any of the Placing Agents, are or may be materially adverse to the business or financial position or prospects of the Company or any other member of the Group taken as a whole or otherwise makes it inexpedient or inadvisable to proceed with the Placing;

(D) any event or circumstance (whether or not forming part of a series of events or circumstances occurring or continuing before, on and/or after the date of the Placing Agreement) or material change or deterioration in local, national, international, political, military, financial, economic, market or trading conditions or any other conditions (whether or not ejusdem generis with any of the foregoing) in any part of the world in which the Company or any other member of the Group carries on business which, in the sole and absolute opinion of any of the Placing Agents, is or may be materially adverse to the business or financial position or prospects of the Company or any other member of the Group taken as a whole or otherwise makes it inexpedient or inadvisable to proceed with the Placing;

(E) the imposition of any moratorium, suspension (for more than seven (7) consecutive trading days) or restriction on trading in securities generally on the Stock Exchange occurring due to exceptional financial circumstances or otherwise and which in the sole and absolute opinion of any of the Placing Agents would affect the success of the Placing or trading in the of the Shares in the secondary market;

(F) any material deterioration of the business or financial position of the Group or any litigation or claim being instigated against any member of the Group, which in the sole and absolute opinion of any of the Placing Agents would affect the success of the Placing or trading in the of the Shares in the secondary market; or

(G) the delisting of the Shares from the Stock Exchange or any suspension of the trading of the Shares on the Stock Exchange for more than ten (10) consecutive trading days, and which in the sole and absolute opinion of any of the Placing Agents would affect the success of the Placing or trading in the of the Shares in the secondary market;

and that the right to terminate the Placing Agreement under paragraphs (A) to (G) above shall be a separate and independent right and that the exercise of any such right by the Placing Agents shall not affect or prejudice or constitute a waiver of any other right, remedy or claim which the Placing Agents may have as at the date of such notice nor shall termination of the Placing Agreement affect or prejudice any provision hereof expressed to survive or operate in the event of termination of the Placing Agreement.

Placing Completion Date

The Placing Completion shall take place on the fifth Business Day after the satisfaction of all the conditions precedent set out in the Placing Agreement, or such date as may be agreed between the Company and the Placing Agents.

The allotment and issue of the Placing Shares will be made under the Specific Mandate to be sought from the Shareholders at the EGM.

REASONS FOR AND BENEFITS IN THE PLACING AND USE OF PROCEEDS

The Group is principally engaged in the packaging and tourism business. It is the intention of the Group to source funding for the Subscription and the general working capital of the Group. As disclosed in the Company's announcement dated 5 February 2016, the Subscriber entered into the Subscription Agreement with Yong Tai. Under the Subscription Agreement, the Subscriber has conditionally agreed to subscribe for 150,000,000 new YTB Shares and 200,000,000 ICPS at the Issue Price of RM0.80 (equivalent to approximately HK$1.48) per Subscription Share and ICPS respectively. The aggregate consideration for the Subscription Share and ICPS are RM280,000,000 (equivalent to approximately HK$518,000,000), one of the condition precedent of the Placing is that the completion of the Company's fund raising activity to raise net proceeds of no less than HK$500,000,000 and the receipt of all proceeds by the Company. The Company is optimistic about the prospects of the property industry in Melaka, one of the fastest growing states in Malaysia. In view of the demonstrated strong financial performance of Yong Tai for the year ended 30 June 2015, the Directors believe that the strategic investment to acquire an equity stake in Yong Tai will provide a reasonable strategic investment opportunity for the Company.

The Directors also consider that the Placing Agreement was entered into on normal commercial terms after arm's length negotiations between the Company and the Placing Agents and that the terms of the Placing Agreement (including the Placing Price) are fair and reasonable so far as the interests of the Company and its Shareholders as a whole are concerned.

Upon the Placing Completion, the shareholding interest of the existing Shareholders will have dilution of approximately 62.57%, the shareholding interest of Dragon Ocean Development Limited will be diluted from approximately 23.14% to approximately 8.66%; the shareholding interest of Quantum China Asset Management Limited will be diluted from approximately 5.52% to approximately 2.06% and the shareholding interest of the public Shareholders will be diluted from approximately 71.34% to approximately 26.71%. Notwithstanding that the Placing may have a substantial dilution effect on the existing shareholdings, the Directors believe that the benefits arising from the support of the Placing as mentioned in this paragraph headed "Reasons for the Placing and Use of Proceeds" for the overall development of the Group will increase the value of the Shares in the long run.

On the assumption that the maximum of 6,000,000,000 Placing Shares are successfully placed, the maximum gross proceeds from the Placing will be HK$600 million, the maximum net proceeds from the Placing is expected to be approximately HK$580 million and the net price per Placing Share is expected to be approximately HK$0.097 per Share. The Company intends to use the net proceeds from the Placing of HK$518 million for the Subscription and the remaining approximately HK$62 million for general working capital of the Group, including the payments of salaries, rental expenses, other administrative and operating expenses. It is estimated that the balance of proceeds from the Placing would be able to meet the funding need of the Group for the next 12 months from the Latest Practicable Date. Save for the ordinary operating working capital use of the Group, the Company at present has no other expected funding needs for the next 12 months from the Latest Practicable Date.

As at 31 December 2015, the Group's total cash and cash equivalents amounted to approximately HK$90.14 million; most of the Group's cash and cash equivalent are in Hong Kong which will be used as general working capital of the Group in Hong Kong. In view of the above and the relatively low transaction costs of the Placing, the Board considers that the Placing would be appropriate to strengthen the financial position of the Group and in the interest of the Company and the Shareholders.

The Board has considered alternative fund raising activities, including but not limited to debt finance, rights issue or open offer. As regards debt financing, having considered that it would increase the gearing level of the Group and the interest expenses incurred which would impose additional financial burden to the Group's future cash flows, the Board considers that such fund raising method is currently not the most appropriate method to the Group. As regards the viability of a rights issue or an open offer, the Directors had approached several underwriters and they did not indicate interest in hard underwriting the Shares in light of the market conditions. The Board is of the view that it would be difficult to identify underwriter(s) which is/are interested to underwrite a rights issue or open offer of the Company in light of its current financial position with relatively high debts to equity position. The Directors consider that even if such an independent underwriter is identified, the rights issue or open offer would involve issuance of prospectus and other administrative steps and the process would be relatively time consuming as compared to the Placing. The Directors are of the view that the terms agreed by the Placing Agent were favourable and viable, which met the Company's needs and expectations.

In view of the current market, the Director considers that the Placing represents a good opportunity in the strategic investment of Yong Tai in its current and future projects.

The Directors consider that the terms of the Placing are fair and reasonable based on the current market conditions and in the interests of the Company and the Shareholders as a whole.

CAPITAL RAISING ACTIVITIES IN THE PAST 12 MONTHS

Save for the following fund raising activities, the Company had not carried out any other fund raising activities on any issue of equity securities in the past twelve months prior to the Latest Practicable Date:

Date of announcement	Fund raising activity	Net proceeds raised	Intended use of net proceeds	Actual use of proceeds at the Latest Practicable Date
12 August 2015	A placing of new shares under general mandate	Approximately HK$87.25 million	For the general working capital of the Group	(i) Approximately HK$8 million used in acquisition of property, plant and equipment, (ii) Approximately HK$56.4 million used in repayment of bank borrowings, and (iii) Approximately HK$23 million used in investment in securities
21 May 2015	A placing of new shares under general mandate	Approximately HK$61.23 million	For developing potential new business and for the working capital of the Group	(i) Approximately HK$10 million used in acquisition of property, plant and equipment, (ii) Approximately HK$51.3 million used in repayment of bank borrowings, and investment in securities

EFFECT ON THE SHAREHOLDING OF THE COMPANY FOLLOWING THE PLACING COMPLETION

Assuming there will not be any change in the issued share capital of the Company from the Latest Practicable Date up to the Placing Completion, set out below is the table of the shareholdings in the Company (i) as at the Latest Practicable Date; and (ii) upon completion of Placing:

Shareholders	**As at the Latest Practicable Date**		**Immediately after the Placing Completion assuming all the Placing Shares have been placed out**	
	Number of Shares	*Approximate %*	*Number of Shares*	*Approximate %*
Dragon Ocean Development Limited *(Note)*	830,792,040	23.14	830,792,040	8.66
Mr. Wu Qiaofeng *(Note)*	830,792,040	23.14	830,792,040	8.66
Quantum China Asset Management Ltd.	198,000,000	5.52	198,000,000	2.06
Public Shareholders				
Placee(s)	–	–	6,000,000,000	62.57
Other public shareholders	2,561,109,200	71.34	2,561,109,200	26.71
Total	**3,589,901,240**	**100.00**	**9,589,901,240**	**100.00**

Note: Dragon Ocean Development Limited is a company incorporated in the British Virgin Islands with limited liability and is wholly-owned by Mr. Wu Qiaofeng, a substantial shareholder of the Company.

EGM AND PROXY

The EGM will be held at Level 3, Three Pacific Place, 1 Queen's Road East, Hong Kong on Friday, 12 August 2016 at 10:00 a.m. for the purpose of considering and, if thought fit, approving the proposed Subscription, the Placing Agreement and the proposed grant of the Specific Mandate. The notice convening the EGM is set out on pages EGM-1 to EGM-2 of this circular.

As no Shareholders have a material interest in the Subscription and the Placing, which is different from that of the other Shareholders, no Shareholders will be required to abstain from voting on the resolution to be proposed at the EGM. Pursuant to Rule 13.39(4) of the Listing Rules, any vote of shareholders at a general meeting must be taken by poll except where the chairman decides to allow a resolution relating to a procedural or administrative matter to be voted on by a show of hands pursuant to the Listing Rules.

An announcement on the poll vote results will be published by the Company after the EGM in the manner prescribed under the Listing Rules.

A form of proxy for use at the EGM is enclosed with this circular and such form of proxy is also published on the websites of Hong Kong Exchanges and Clearing Limited (http://www. hkexnews.hk) and the Company (http://www.sinohaijing.com). To be valid, the form of proxy must be completed and signed in accordance with the instructions printed thereon and deposited, together with the power of attorney or other authority (if any) under which it is signed or a certified copy of that power of attorney or authority at the Company's branch share registrar in Hong Kong, Tricor Tengis Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for holding the EGM or any adjournment thereof. Completion and delivery of the form of proxy will not preclude you from attending and voting at the EGM if you so wish and in such event, the instrument appointing the proxy shall be deemed to have revoked.

RECOMMENDATION

The Directors (including the independent non-executive Directors) consider that the terms of the Subscription Agreement and the Placing Agreement and the transactions contemplated thereunder are fair and reasonable and in the interest of the Company and the Shareholders as a whole. The Board therefore recommends to the Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM to approve the entering of the Subscription Agreement and the Subscription and matters ancillary thereto as set out in the Notice of EGM.

FURTHER INFORMATION

Your attention is also drawn to the additional information set out in the appendices to this circular.

1. FINANCIAL INFORMATION OF THE GROUP

Financial information and management discussion and analysis of the Group for each of the three years ended 31 December 2013, 2014 and 2015 are disclosed in the following documents which have been published on the websites of the Stock Exchange (http://www.hkexnews.hk) and the Company (www.sinohaijing.com/en/index.html).

The audited consolidated financial statements, including the notes thereto, and the management discussion and analysis of the Group for the year ended 31 December 2015 have been set out in pages 33 to 97 and pages 7 to 12 respectively of the annual report 2015 of the Company which are incorporated by reference into this circular and are available on the Stock Exchange's website (http://www.hkexnews.hk). Please also see below quick link to the annual report 2015:

http://www.hkexnews.hk/listedco/listconews/SEHK/2016/0428/LTN20160428051.pdf

The audited consolidated financial statements, including the notes thereto, and the management discussion and analysis of the Group for the year ended 31 December 2014 have been set out in pages 28 to 87 and pages 6 to 9 respectively of the annual report 2014 of the Company which are incorporated by reference into this circular and are available on the Stock Exchange's website (http://www.hkexnews.hk). Please also see below quick link to the annual report 2014:

http://www.hkexnews.hk/listedco/listconews/SEHK/2015/0429/LTN20150429247.pdf

The audited consolidated financial statements, including the notes thereto, and the management discussion and analysis of the Group for the year ended 31 December 2013 have been set out in pages 31 to 97 and pages 6 to 10 respectively of the annual report 2013 of the Company which are incorporated by reference into this circular and are available on the Stock Exchange's website (http://www.hkexnews.hk). Please also see below quick link to the annual report 2013:

http://www.hkexnews.hk/listedco/listconews/SEHK/2014/0411/LTN20140411222.pdf

2. STATEMENT OF INDEBTEDNESS

Borrowings

As at the close of business on 31 May 2016, being the latest practicable date for the purpose of determining this indebtedness of the Group prior to the printing of this circular.

As at 31 May 2016, the Group had bank and other borrowings of approximately HK$142.3 million. The bank and other borrowings were unguaranteed and secured by certain buildings, lease premiums for land, investment properties and trade and other receivables of the Group.

As at 31 May 2016, the Group had unutilised bank facilities of approximately HK$20.4 million.

Notes and interest payables

As at 31 May 2016, the Group had notes payable with outstanding principal amount of HK$280 million and the related interest payable of HK$24.9 million, which were unguaranteed and secured by an equitable mortgage over the entire issued shares of a wholly-owned subsidiary of the Company.

Bills payable

As at 31 May 2016, the Group had bills payable of approximately HK$9.7 million, which were unguaranteed and secured by bank deposits of approximately HK$4.9 million.

Save as aforesaid and apart from intra-group liabilities, at the close of business on 31 May 2016, the Group did not have any outstanding mortgages, charges, debentures, loan capital, bank overdrafts, loans or other similar indebtedness, finance leases or hire purchase commitments, liabilities under acceptance (other than under normal trade bills) or acceptance credits, debt securities (whether issued and outstanding or authorised or otherwise created but unissued), guarantees or other material contingent liabilities.

Save as aforesaid, the Directors confirmed that there had been no material changes to the indebtedness or contingent liabilities of the Group since 31 May 2016 and up to the Latest Practicable Date.

3. WORKING CAPITAL

The Directors are of the opinion that, after taking into account of the Enlarged Group's internal resources, cash flow from operation, banking facilities available to the Enlarged Group, the proceeds generated from the Placing and the Subscription, the Enlarged Group will have sufficient working capital to satisfy its present requirements that is, for at least the next twelve months from the date of publication of this circular in the absence of unforeseen circumstances.

4. FINANCIAL EFFECTS OF THE ACQUISITION

Upon the Subscription Completion, Yong Tai will not become a subsidiary of the Company. The accounts of the Yong Tai will not be consolidated with those of the Group.

Effect on assets and liabilities

As illustrated in the unaudited pro forma financial information as set out in Appendix I to this circular, upon the Subscription Completion, the total assets of the Group would increase from approximately HK$609 million to HK$671 million on a pro forma basis, and the total liabilities of the Group would increase from approximately HK$518 million to HK$520 million on a pro forma basis.

5. FINANCIAL AND TRADING PROSPECTS OF THE ENLARGED GROUP

The Group is principally engaged in the business of providing packaging solutions to customers that include design, R&D, testing and manufacturing of packaging products. Includes certain renowned electrical appliance manufacturers in the PRC. Upon the Subscription Completion, the Enlarged Group will also be engaged in property development in the Malaysia.

In addition to the property development business to be conducted in Malaysia, the Enlarged Group will continue to carry out the businesses of (i) distribution and sale of packing service and products in Hong Kong and PRC market; (ii) research and development of expandable polystyrene ("**EPS**"); and (iii) investment in cultural & tourism development projects.

The Enlarged Group will conduct new R&D "EPS" for its existing packing business to enhance its product profile. To develop its cultural & tourism business, the Enlarged Group will provide investment and consultancy services for the cultural & tourism projects owned by the controlling shareholder of the Company in the PRC. The Company will comply with relevant Listing Rule requirements when agreement relating to the Services materialize. Other than the aforesaid, the Enlarged Group had no concrete plan for its existing businesses as at the Latest Practicable Date.

The Enlarged Group will seek opportunities for new business and performance growth, as well as for timely expansion of the Enlarged Group's scope of operation and investments.

6. MATERIAL ADVERSE CHANGE

As the Latest Practicable Date, the Directors have confirmed that they were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2015, being the date to which the latest published audited accounts of the Company were made up to.

1. PUBLISHED FINANCIAL INFORMATION OF YONG TAI GROUP AND YONG TAI FOR EACH OF THE THREE YEARS ENDED 30 JUNE 2013, 2014, 2015

STATEMENTS OF FINANCIAL POSITION

		Yong Tai Group			Nine months ended 31 March	
		2015	**2014**	**2013**	**2016**	**2015**
	Note	*RM*	*RM*	*RM*	*RM'000*	*RM'000*
ASSETS						
NON-CURRENT ASSETS						
Property, plant and equipment	3	15,844,023	17,101,141	17,268,935	3,361	16,448
Investment properties	4	11,900,000	11,740,000	11,740,000	–	11,740
Investment in subsidiaries	5	–	–	–	–	–
Investment in joint venture	6	24,500,000	–	–	24,500	–
Interest in a joint operations	7	10,500,000	–	–	10,500	–
Deferred tax assets	8	–	52,400	52,400	–	52
		62,744,023	28,893,541	29,061,335	38,361	28,240
CURRENT ASSETS						
Property development costs	9	10,908,148	–	–	21,050	2,257
Inventories	10	6,825,598	17,849,234	19,246,605	463	16,894
Trade receivables	11	9,316,399	19,221,755	19,318,906	2,526	19,322
Other receivables	11	21,567,651	3,221,554	2,875,758	46,933	23,539
Other current assets		–	–	–	3,945	–
Amount due by subsidiaries	12	–	–	–	–	–
Current tax assets		992,297	956,587	819,040	484	1,136
Fixed deposit		–	–	–	2,000	–
Cash and bank balances	13	42,503,646	1,024,153	804,890	1,388	1,168
Assets held for sale		–	–	–	8,341	–
		92,113,739	42,273,283	43,065,199	87,130	64,316
TOTAL ASSETS		154,857,762	71,166,824	72,126,534	125,491	92,556
EQUITY AND LIABILITIES						
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY						
Share capital	14	80,172,500	40,115,000	40,115,000	80,172	40,115
Reserves	15	4,010,646	(24,367,457)	(17,125,637)	5,314	23,298
		84,183,146	15,747,543	824,338	85,486	16,817
NON-CONTROLLING INTEREST		–	–	832,975	–	–
TOTAL EQUITY		84,183,146	15,747,543	23,822,338	85,486	16,817
NON-CURRENT LIABILITIES						
Loans and borrowings	16	2,144,197	7,852,928	3,673,275	14,367	3,478
Hire purchase payables	17	109,646	180,866	87,613	–	–
		2,253,843	8,033,794	3,760,888	14,367	3,478
CURRENT LIABILITIES						
Trade payables	18	35,582,235	12,602,851	10,124,944	9,657	26,005
Other payables	18	12,971,859	4,534,238	4,232,022	11,867	17,209
Amount due to subsidiaries	12	–	–	–	–	–
Amount due to directors	19	2,869,513	13,155,262	11,173,113	1,497	15,409
Bank overdraft		–	–	–	–	5,948
Loans and borrowings	16	16,486,712	17,002,566	18,640,424	40	6,698
Hire purchase payables	17	38,820	90,149	372,109	–	–
Current tax liabilities		471,634	421	696	–	–
Provision for taxation		–	–	–	2,577	992
		68,420,773	47,385,487	44,543,308	25,638	72,261
TOTAL LIABILITIES		70,674,616	55,419,281	48,304,196	40,005	75,739
TOTAL EQUITY AND LIABILITIES		154,857,762	71,166,824	72,126,534	125,491	92,556

The accompanying notes form an integral part of the financial statements.

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Yong Tai Group			Nine months ended 31 March	
		2015	2014	2013	2016	2015
	Note	*RM*	*RM*	*RM*	*RM*	*RM*
CONTINUING OPERATIONS						
REVENUE	20	96,956,331	48,460,809	67,315,345	48,335	32,340
COST OF SALES	21	(73,249,405)	(32,358,602)	(54,115,814)	(41,457)	(13,864)
GROSS PROFIT		23,706,926	16,102,207	13,199,531	6,878	18,476
ADD: OTHER INCOME		3,989,314	507,531	1,637,222	2,066	782
LESS: DISTRIBUTION EXPENSES		(11,904,098)	(11,406,727)	(10,792,901)	–	–
LESS: ADMINISTRATIVE EXPENSES		(3,724,961)	(3,695,489)	(4,890,494)	–	–
LESS: OTHER EXPENSES		(7,579,524)	(2,900,923)	(5,228,053)	(5,615)	(8,513)
PROFIT/(LOSS) FROM OPERATIONS		4,487,657	(1,393,401)	(6,074,695)	3,329	10,745
LESS: FINANCE COSTS	22	(2,204,354)	(1,771,406)	(1,886,180)	(397)	(329)
LESS: SHARES OF RESULT OF JOINT VENTURES		–	–	–	–	(6,442)
PROFIT/(LOSS) BEFORE TAX		2,283,303	(3,164,807)	(7,960,875)	2,932	3,974
INCOME TAX EXPENSE	23	(1,324,544)	(28,000)	22,712	(991)	(2,498)
PROFIT/(LOSS) FROM CONTINUING OPERATIONS		958,759	(3,192,807)	(7,938,163)	1,941	1,476
DISCONTINUED OPERATION						
PROFIT/(LOSS) FROM DISCONTINUED OPERATION, NET OF TAX	24	6,766,923	(4,081,988)	–	(871)	(173)
PROFIT/(LOSS) FOR THE YEAR	25	7,725,682	(7,274,795)	(7,938,163)	1,070	1,303
OTHER COMPREHENSIVE INCOME		–	–	–	–	–
TOTAL COMPREHENSIVE INCOME/(EXPENSE) FOR THE YEAR		7,725,682	(7,274,795)	(7,938,163)	1,070	1,303
TOTAL COMPREHENSIVE INCOME/(EXPENSE) ATTRIBUTABLE TO:						
OWNERS OF THE COMPANY		7,725,682	(7,273,287)	(7,929,396)	1,070	1,303
NON-CONTROLLING INTERESTS		–	(1,508)	(8,767)	–	–
		7,725,682	(7,274,795)	(7,938,163)	1,070	1,303
BASIC EARNINGS/(LOSS) PER ORDINARY SHARE (SEN):–	26					
FROM CONTINUING OPERATIONS		2.3	(7.8)	(19.8)	4.84	0.92
FROM DISCONTINUED OPERATIONS		16.3	(9.9)	–	(2,17)	(0.11)
		18.6	(17.7)	(19.8)	2.67	0.81
DILUTED EARNINGS/(LOSS) PER ORDINARY SHARE (SEN):–	26					
FROM CONTINUING OPERATIONS		1.6	(5.5)	–	4.84	0.87
FROM DISCONTINUED OPERATIONS		11.6	(7.1)	–	(2.17)	(0.10)
		13.2	(12.6)	–	2.67	0.76

The accompanying notes form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY

Yong Tai Group	Share capital (Note 14) RM	Share premium (Note 15) RM	Warrant reserve (Note 15) RM	Accumulated losses (Note 15) RM	Total RM	Non-controlling interest RM	Total equity RM
	Attributable to Owners of YongTai						
	Non-distributable			Distributable			
At 1 July 2013	40,115,000	1,626,071	–	(18,751,708)	22,989,363	832,975	23,822,338
Loss/Total comprehensive expense for the year	–	–	–	(7,273,287)	(7,273,287)	(1,508)	(7,274,795)
Transaction with owners							
Acquisition of non-controlling interest in a subsidiary	–	–	–	31,467	31,467	(831,467)	(800,000)
At 30 June 2014	40,115,000	1,626,071	–	(25,993,528)	15,747,543	–	15,747,543
Profit/Total comprehensive income for the year	–	–	–	7,725,682	7,725,682	–	7,725,682
Par value reduction in share capital	(20,057,500)	–	–	20,057,500	–	–	–
Issue of ordinary shares:							
– rights issue	40,115,000	–	–	–	40,115,000	–	40,115,000
– special issue	20,000,000	3,200,000	–	–	23,200,000	–	23,200,000
Issuance of warrants	–	–	6,217,825	(6,217,825)	–	–	–
Share issuance expenses	–	(2,605,079)	–	–	(2,605,079)	–	(2,605,079)
At 30 June 2015	80,172,500	2,220,992	6,217,825	(4,428,171)	84,183,146	–	84,183,146

	Share Capital (RM'000)	Share Premium (RM'000)	Warrants reserve (RM'000)	Retained Earnings (RM'000)	Total (RM'000)	Non-controlling Interest (RM'000)	Total Equity (RM'000)
	Attributable to equity holders of Yong Tai						
	Non-distributable			Distributable			
At 1st July 2015	80,172	2,221	6,218	(4,428)	84,183	–	84,183
Comprehensive income							
Net profit for the period	–	–	–	1,303	1,303	–	1,303
At 31 March 2016	80,172	2,221	6,218	(3,125)	85,486	–	85,486

The accompanying notes form an integral part of the financial statements.

STATEMENTS OF CASH FLOWS

	Note	Yong Tai Group 2015 RM	2014 RM	2013 RM	Nine months ended 31 March 2016 RM'000	2015 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES						
Profit/(Loss) before tax of continuing operations	24	2,283,303	(3,164,807)	(7,960,875)	3,974	2,932
Profit/(Loss) for the year of discontinued operation		6,766,923	(4,081,988)	–	(173)	(871)
		9,050,226	(7,246,795)	(7,960,875)	3,801	2,061
Adjustments for: –						
Share of results of joint ventures		–	–	–	6,441	–
Allowance for specific doubtful debts		–	–	724,904	–	–
Bad debts written off		–	2,684,279	–	–	–
Depreciation of property, plant and equipment		1,514,380	1,569,514	1,489,194	708	1,319
Incorporation fees		–	–	2,400	–	–
Impairment of investment in a subsidiary		–	–	–	–	–
Interest expenses		2,429,445	2,085,973	1,886,180	710	1,965
Allowance for doubtful debts		–	–	–	–	1,002
Loss on disposal of property, plant and equipment		11,100	–	–	–	–
Unrealised loss on foreign exchange		52,477	–	40,396	–	–
Written down of inventories		–	–	1,983,771	–	–
Written off of property, plant and equipment		164,498	515	55,039	145	197
Fair value adjustment		(160,000)	–	(233,103)	–	–
Participating contribution in joint operation		4,400,000	–	–	–	–
Gain from bargain purchase		(1,929,725)	–	–	–	–
(Gain)/Loss on disposal of subsidiary companies		(7,090,284)	–	(259,982)	(3,174)	–
Gain on disposal of property, plant and equipment		(19,999)	–	(240,022)	(547)	(16)
Unrealised gain on foreign exchange		(41,050)	(12,306)	–	–	–
Operating profit/(loss) before changes in working capital		8,381,068	(918,820)	(2,512,098)	8,084	6,528
Decrease/(Increase) in working capital						
Property development costs		(10,908,148)	–	–	(10,142)	(2,257)
Inventories		3,131,992	1,397,371	5,826,953	1,634	954
Receivables		(11,426,170)	(2,920,618)	(1,951,439)	(19,737)	(21,419)
Payables		44,180,710	2,780,123	2,464,627	(24,209)	26,077
Amount due by/(to) subsidiaries		–	–	–	–	–
Amount due to directors		(7,425,945)	1,351,557	359,879	(1,253)	2,254
Cash generated from/(used in) operations		25,933,507	1,689,613	8,090,800	(45,623)	12,137
Incorporation fees paid		–	–	(2,400)	–	–
Interest paid		(2,429,445)	(2,085,973)	(1,886,180)	(710)	(1,965)
Tax (paid)/refunded		(939,454)	(165,822)	58,915	(799)	(179)
Net cash from/(used in) operating activities		22,564,608	(562,182)	6,261,135	(47,132)	9,993

	Note	Yong Tai Group 2015 RM	2014 RM	2013 RM	Nine months ended 31 March 2016 RM'000	2015 RM'000
CASH FLOWS FROM INVESTING ACTIVITIES						
Acquisition of non–controlling interests		–	(800,000)	–	–	–
Acquisition of a subsidiary	32	–	–	–	–	–
Increase in investment in a subsidiary		–	–	–	–	–
Acquisition of ownership interest in joint arrangement, net		(37,470,275)	–	–	–	–
Purchase of property, plant and equipment	27	(1,018,736)	(1,202,235)	(1,056,129)	(494)	(907)
Proceeds from disposal of property, plant and equipment		60,000	–	311,000	1,309	60
Proceeds from disposal of subsidiary companies, net of cash and cash equivalents disposed	24	(116,021)	–	1,700,982	942	–
Investment in subsidiary		–	–	–	–	(1,000)
Acquisition of non-controlling interests		–	–	–	–	–
Net cash used in investing activities		(38,545,032)	(2,002,235)	955,853	1,757	1,847
CASH FLOWS FROM FINANCING ACTIVITIES						
Net proceeds from issuance of shares		60,709,921	–	–	–	1,000
Pledge of fixed deposit		–	–	–	(2,000)	–
Net repayment of short term loan		–	–	–	(23)	(56)
Advances from a director		–	630,592	–	–	–
Repayment of short–term borrowings		(205,931)	(6,250,803)	(2,622,076)	–	–
Drawdown of term loans		2,144,197	15,607,000	–	12,144	–
Repayment of term loans		(4,087,632)	(4,550,324)	(2,019,039)	–	(7,973)
Repayment of hire purchase financing		(105,293)	(388,707)	(559,776)	(29)	(93)
Net cash from financing activities		58,455,262	5,047,758	(5,200,891)	(10,092)	(7,122)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		42,474,838	2,483,341	2,016,097	(35,283)	1,024
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		(5,804,319)	(8,287,660)	(10,303,757)	36,671	(5,804)
CASH AND CASH EQUIVALENTS AT END OF YEAR		36,670,519	(5,804,319)	(8,287,660)	1,388	(4,780)
Cash and cash equivalents comprise the following: –						
Cash and bank balances		42,503,646	1,024,153	804,890	1,388	1,168
Bank overdraft	16	(5,833,127)	(6,828,472)	(9,092,550)	–	(5,948)
		36,670,519	(5,804,319)	(8,287,660)	1,388	(4,780)

NOTES TO THE FINANCIAL STATEMENTS

(For the period from 30 June 2013 to 30 June 2015)

1. GENERAL

The principal activity of Yong Tai is that of investment holding. The principal activities of the subsidiaries are disclosed in Note 5 to the financial statements.

For the period from 30 June 2013 to 30 June 2015, the Group of Yong Tai has diversified its business operation from garment industry to property development industry.

Yong Tai is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad.

The registered office of the Yong Tai is located at Ground Floor 8, Lorong Universiti B, Section 16, 46350 Petaling Jaya, Selangor Darul Ehsan. The principal place of business of the Yong Tai is located at 3, Jalan Kapal Kawasan Perindustrian Tongkang Pecah, 83010 Batu Pahat, Johor Darul Ta'zim.

The consolidated financial statements of Yong Tai as at and for the financial year ended 30 June 2013, 2014, 2015 comprise Yong Tai and its subsidiaries (together referred to as the "Yong Tai Group" and individually referred to as "Yong Tai Group entities"). The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors.

2. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements and have been applied consistently by Yong Tai, unless otherwise stated.

a) Basis of preparation

The financial statements of the Group and the Company have been prepared under the historical cost convention and modified to include other bases of valuation as disclosed in other sections under significant accounting policies, and comply with Malaysian Financial Reporting Standards (MFRSs), International Financial Reporting Standards and the Companies Act, 1965 in Malaysia.

The financial statements are reported in Ringgit Malaysia, which is Yong Tai's functional currency.

The principal accounting policies are set out as follows:

Basis of consolidation

Subsidiaries

Subsidiaries are entities, including structured entities, controlled by Yong Tai. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Business combination

Business combinations are accounted for using the acquisition method from the acquisition date, which is the date on which control is transferred to the Group of Yong Tai.

For new acquisitions, the Group of Yong Tai measures the cost of goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

Acquisitions of non-controlling interests

The Group of Yong Tai treats all changes in its ownership interest in a subsidiary that do not result in a loss of control as equity transactions between the Group of Yong Tai and its non-controlling interest holders. Any difference between Yong Tai's share of net assets before and after the change, and any consideration received or paid, is adjusted to or against Yong Tai's reserves.

Investment in a subsidiary

Investment in a subsidiary included in Yong Tai's statements of financial position is stated at cost, less any impairment.

The results of a subsidiary are accounted for by Yong Tai on the basis of dividends received and receivable during the Relevant Periods.

Property, plant and equipment

Items of property, plant and equipment are measured at cost less any accumulated depreciation and any accumulated impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also includes the cost of materials and direct labour. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs. Cost also may include transfers from equity of any gain or loss on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group of Yong Tai, and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

Foreign currencies

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the reporting period are retranslated to the functional currency at the exchange rate at that date.

Non-monetary assets and liabilities denominated in foreign currencies are not retranslated at the end of the reporting date, except for those that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined.

Foreign currency differences arising on retranslation are recognised in profit or loss, except for differences arising on the retranslation of available-for-sale equity instruments or a financial instrument designated as a hedge of currency risk, which recognised in other comprehensive income.

In the consolidated financial statements, when settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognised in the comprehensive income, and are presented in the foreign currency translation reserve in equity.

Financial instruments

A financial asset or a financial liability is recognised in the statement of financial position when, and only when, the Group of Yong Tai becomes a party to the contractual provisions of the instrument.

A financial instrument is recognised initially, at its fair value plus, in the case of a financial instrument not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial instrument.

An embedded derivative is recognised separately from the host contract and accounted for as a derivative if, and only if, it is not closely related to the economic characteristics and risks of the host contract and the host contract is not categorised at fair value through profit or loss. The host contract, in the event an embedded derivative is recognized separately, is accounted for in accordance with policy applicable to the nature of the host contract.

Financial liabilities

All financial liabilities are subsequently measured at amortised cost other than those categorised as fair value through profit or loss.

Fair value through profit or loss category comprises financial liabilities that are derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument) or financial liabilities that are specifically designated into this category upon initial recognition.

Derivatives that are linked to and must be settled by delivery of unquoted equity instruments whose fair values cannot be reliably measured are measured at cost.

Other financial liabilities categorised as fair value through profit or loss are subsequently measured at their fair values with the gain or loss recognised in profit or loss.

Derecognition

A financial asset or part of it is derecognised when, and only when the contractual rights to the cash flows from the financial asset expire or the financial asset is transferred to another party without retaining control or substantially all risks and rewards of the asset. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in the profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled expires. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Property development activities

Land held for property development consists of land where no development activities have been carried out or where development activities are not expected to be completed within the normal operating cycle. Such land is classified within non-current assets and is stated at cost less any accumulated impairment losses. Land held for property development is reclassified as property development costs at the point when development activities have commenced and where it can be demonstrated that the development activities can be completed within the normal operating cycle.

Property development costs comprise all costs that are directly attributable to development activities or that can be allocated on a reasonable basis to such activities.

When the financial outcome of a development activity can be reliably estimated, property development revenue and expenses are recognised in the profit or loss by using the stage of completion method. The stage of completion is determined by the proportion that property development costs incurred for work performed to date bear to the estimated total property development costs.

Where the financial outcome of a development activity cannot be reliably estimated, property development revenue is recognised only to the extent of property development costs incurred that is probable will be recoverable, and property development costs on properties sold are recognised as an expense in the year in which they are incurred.

Any expected loss on a development project, including costs to be incurred over the defects liability year, is recognised as an expense immediately.

Property development costs not recognised as an expense are recognised as an asset, which are measured at the lower of cost and net realisable value.

The excess of revenue recognised in the profit or loss over billings to purchasers is classified as accrued billings within current assets and the excess of billings to purchasers over revenue recognised in the profit or loss is classified as progress billings within current liabilities.

Employee benefits

Short-term employee benefit obligations in respect of salaries, annual bonuses, paid annual leave and sick leave are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Yong Tai's contributions to statutory pension funds are charged to profit or loss in the financial year to which they relate. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

Borrowing costs

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing eligible for capitalisation.

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the leases. All other leases are classified as operating leases.

Taxation

Taxation represents the sum of the tax currently payable and deferred tax.

3. PROPERTY, PLANT AND EQUIPMENT

Yong Tai Group	As at 1.7.2014 RM	Additions RM	Disposals/ Written off RM	Disposal of subsidiaries RM	As at 30.6.2015 RM
2015					
Cost					
Freehold land	4,940,000	–	–	–	4,940,000
Long-term leasehold land	930,000	–	–	–	930,000
Buildings	6,810,000	–	–	–	6,810,000
Plant and machinery	15,517,323	91,750	(283,427)	(5,265,279)	10,060,367
Furniture and equipment	2,119,258	89,982	(129,280)	(926,486)	1,153,474
Motor vehicles	1,498,004	65,000	(285,630)	(438,548)	838,826
Renovation and fittings	6,941,350	772,004	(461,770)	(619,621)	6,631,963
	38,755,935	1,018,736	(1,160,107)	(7,249,934)	31,364,630

Yong Tai Group	As at 1.7.2014 RM	Charge for the year RM	Disposals/ Written off RM	Disposal of subsidiaries RM	As at 30.6.2015 RM
2015					
Accumulated depreciation					
Long-term leasehold land	236,619	26,291	–	–	262,910
Buildings	1,002,435	200,487	–	–	1,202,922
Plant and machinery	13,642,641	531,868	(293,374)	(4,954,888)	8,926,247
Furniture and equipment	1,671,983	84,356	(87,601)	(862,926)	805,812
Motor vehicles	997,896	134,335	(234,529)	(334,838)	562,864
Renovation and fittings	4,103,220	537,043	(329,004)	(551,407)	3,759,852
	21,654,794	1,514,380	(944,508)	(6,704,059)	15,520,607

Yong Tai Group	As at 1.7.2013 RM	Additions RM	Disposals/ Written off RM	Disposal of subsidiaries RM	As at 30.6.2014 RM
2014					
Cost					
Freehold land	4,940,000	–	–	–	4,940,000
Long-term leasehold land	930,000	–	–	–	930,000
Buildings	6,810,000	–	–	–	6,810,000
Plant and machinery	15,578,446	18,000	(79,123)	–	15,517,323
Furniture and equipment	1,929,974	200,725	(11,441)	–	2,119,258
Motor vehicles	1,254,139	260,000	(16,135)	–	1,498,004
Renovation and fittings	6,017,840	923,510	–	–	6,941,350
	37,460,399	1,402,235	(106,699)	–	38,755,935

Yong Tai Group	As at 1.7.2013 RM	Charge for the year RM	Disposals/ Written off RM	Disposal of subsidiaries RM	As at 30.6.2014 RM
2014					
Accumulated depreciation					
Long-term leasehold land	210,328	26,291	–	–	236,619
Buildings	801,948	200,487	–	–	1,002,435
Plant and machinery	13,132,690	589,064	(79,113)	–	13,642,641
Furniture and equipment	1,585,342	97,594	(10,953)	–	1,671,983
Motor vehicles	854,784	159,230	(16,118)	–	997,896
Renovation and fittings	3,606,372	496,848	–	–	4,103,220
	20,191,464	1,569,514	(106,184)	–	21,654,794

Yong Tai Group	As at 1.7.2012 RM	Additions RM	Disposals/ Written off RM	Reclassification RM	As at 30.6.2013 RM
2013					
Cost					
Freehold land	4,940,000	–	–	–	4,940,000
Long-term leasehold land	930,000	–	–	–	930,000
Buildings	13,570,000	–	–	(6,760,000)	6,810,000
Plant and machinery	15,869,616	167,001	(458,171)	–	15,578,446
Furniture and equipment	1,934,441	45,750	(50,217)	–	1,929,974
Motor vehicles	1,483,762	263,025	(492,648)	–	1,254,139
Renovation and fittings	5,404,933	712,353	(99,446)	–	6,017,840
	44,132,752	1,188,129	(1,100,482)	(6,760,000)	37,460,399

Yong Tai Group	As at 1.7.2012 RM	Charge for the year RM	Disposals/ Written off RM	Reclassification RM	As at 30.6.2013 RM
2013					
Accumulated depreciation					
Long-term leasehold land	184,037	26,291	–	–	210,328
Buildings	834,563	200,488	–	(233,103)	801,948
Plant and machinery	12,923,724	596,137	(387,171)	–	13,132,690
Furniture and equipment	1,548,065	83,194	(45,917)	–	1,585,342
Motor vehicles	1,219,395	128,034	(492,645)	–	854,784
Renovation and fittings	3,200,054	455,050	(48,732)	–	3,606,372
	19,909,838	1,489,194	(974,465)	(233,103)	20,191,464

Yong Tai Group	2015	2014	2013
	RM	*RM*	*RM*
Net carrying amount			
Freehold land	4,940,000	4,940,000	4,940,000
Long-term leasehold land	667,090	693,381	719,672
Buildings	5,607,078	5,807,565	6,008,052
Plant and machinery	1,134,120	1,874,682	2,445,756
Furniture and equipment	347,662	447,275	344,632
Motor vehicles	275,962	500,108	399,355
Renovation and fittings	2,872,111	2,838,130	2,411,468
	15,844,023	17,101,141	17,268,935

The freehold land, long-term leasehold land and buildings of Yong Tai Group of RM11,214,168 (2014: RM11,440,946) are pledged to licensed banks as security for credit facilities granted to certain Group entities as referred to in Note 16.

Included in the property, plant and equipment of Yong Tai Group is motor vehicles with net carrying amount of RM144,000 (2014: RM371,580) held under the hire purchase arrangement.

4. INVESTMENT PROPERTIES

	Yong Tai Group		
	2015	2014	2013
	RM	*RM*	*RM*
At fair value			
At beginning of the year	11,740,000	11,740,000	4,980,000
Fair value adjustments	160,000	–	233,103
At end of the year	11,900,000	11,740,000	11,740,000

Investment properties with carrying amount of RM10,400,000 (RM10,660,000) have been charged to licensed banks and a licensed money lender as security for credit facilities granted to certain entities as referred to in Note 16.

Investment properties comprise a number of freehold and leasehold commercial properties leased to third parties.

The following are recognised in profit or loss in respect of investment properties:

	Yong Tai Group		
	2015	2014	2013
	RM	*RM*	*RM*
Rental income	440,653	432,000	452,000
Direct operating expenses – income generating investment properties	(46,247)	(49,109)	(49,449)

The fair values of all investment properties are determined based on indicative valuation by registered valuers having appropriate recognised professional qualification and arrived at by reference to transaction prices for similar properties.

5. INVESTMENTS IN SUBSIDIARIES

	Yong Tai		
	2015	**2014**	**2013**
	RM	*RM*	*RM*
At cost			
Unquoted shares	35,411,910	53,664,514	52,864,514
Less: Impairment loss	–	(18,962,604)	(3,962,604)
	35,411,910	34,701,910	48,901,910

Details of the subsidiaries are as follows:-

Name of subsidiary	Country of incorporation	Principal activities	Effective ownership interest 2015	2014	2013
Yong Tai Brothers Trading Sdn. Bhd.	Malaysia	Trading and retailing of textile and garment products	100%	100%	100%
Golden Vertex Sdn. Bhd.	Malaysia	Manufacturing of textile and garment products	–	100%	100%
Syarikat Koon Fuat Industries Sdn. Bhd.	Malaysia	Manufacturing and dyeing of all types of fabric and related products	100%	100%	100%
Yuta Realty Sdn. Bhd.	Malaysia	Property development and investment holding	100%	100%	100%
The Image Outlet Sdn. Bhd.	Malaysia	Trading and retailing of textile and garment products and related fashion accessories	–	100%	100%
YTB Land Sdn. Bhd.	Malaysia	Property development	100%	100%	100%
Yong Tai Samchem Sdn. Bhd.	Malaysia	Investment holding	100%	100%	60%
YTB Development Sdn. Bhd.	Malaysia	Dormant	100%	100%	100%
YTB Apple Sdn. Bhd.	Malaysia	Property development	100%	–	–

6. INVESTMENT IN JOINT VENTURE

	Yong Tai Group		
	2015	2014	2013
	RM	*RM*	*RM*
At cost			
Ownership interest	24,500,000	–	–

Courtyard by Marriott ("**Marriott**"), the only joint arrangement in which Yong Tai participates, is principally engaged in the hotel operation in Melaka, Malaysia.

Marriott is not structured as a separate vehicle and provides Yong Tai rights to the net assets of the arrangement. Accordingly, Yong Tai has classified the investment in Marriott as a joint venture.

7. INTEREST IN JOINT OPERATIONS

The details of the jointly controlled operations are as follows: -

Name of other operator	Name of project	Principal place of business	Principal activities	Effective ownership interest		Group		
				2015	2014	2015	2014	2013
				RM	*RM*	*RM*		
PTS Properties Sdn Bhd	99 Residences*	Malaysia	Property development	60%	–	–	–	–
Apple 99 Development Sdn Bhd	The Apple	Malaysia	Property development	70%	–	10,500,000	–	–
						10,500,000	–	–

* This development has completed during the financial year.

8. DEFERRED TAX ASSETS

	Yong Tai Group		
	2015	2014	2013
	RM	*RM*	*RM*
At beginning of the year	52,400	52,400	2,200
Included in subsidiary disposed *(Note 24)*	(52,400)	–	–
At end of the year	–	52,400	52,400

The components of deferred tax assets as at the end of the financial year, prior to offsetting are as follows:

	Yong Tai Group		
	2015	**2014**	**2013**
	RM	*RM*	*RM*
Tax effect of: -			
Temporary differences in respect of capital allowances	–	4,600	4,600
Unutilised tax losses	–	33,900	33,900
Unabsorbed capital allowances	–	13,900	13,900
Net deferred tax assets	–	52,400	52,400

9. PROPERTY DEVELOPMENT COSTS

	Yong Tai Group		
	2015	**2014**	**2013**
	RM	*RM*	*RM*
At 1 July	–	–	–
Add:			
Cost incurred during the financial year			
– Freehold land	13,953,261	–	–
– Development expenditure	44,465,127	–	–
	58,418,388	–	–
Less:			
Cumulative costs charged to statements of profit or loss:	–	–	–
As at 1 July	(47,510,240)	–	–
– Recognised during the financial year	(47,510,240)	–	–
At 30 June	10,908,148	–	–

10. INVENTORIES

	Yong Tai Group		
	2015	**2014**	**2013**
	RM	*RM*	*RM*
Raw materials	636,920	2,129,180	2,200,656
Work-in-progress	–	1,948,587	3,040,874
Finished goods	6,188,678	13,771,467	14,005,075
	6,825,598	17,849,234	19,246,605

11. TRADE AND OTHER RECEIVABLES

	Yong Tai Group			Yong Tai		
	2015	2014	2013	2015	2014	2013
	RM	*RM*	*RM*	*RM*	*RM*	*RM*
Trade receivables	9,316,399	19,221,755	19,318,906	–	–	–
Sundry receivables	18,469,522	184,441	–	–	–	–
Sundry deposits	2,982,679	3,008,068	–	6,111,106	1,000	6,000
Prepayments	115,450	29,045	–	–	–	–
	21,567,651	3,221,554	–	6,111,106	1,000	1,000
	30,884,050	22,443,309	22,451,668	6,111,106	1,000	1,000

12. AMOUNT DUE BY/(TO) SUBSIDIARIES

These represent unsecured, interest-free advances with no fixed term of repayment.

13. CASH AND BANK BALANCES

	Yong Tai Group			Yong Tai		
	2015	2014	2013	2015	2014	2013
	RM	*RM*	*RM*	*RM*	*RM*	*RM*
Cash and bank balances	42,503,646	1,024,153	22,451,668	26,405,254	410	3,404,370

14. SHARE CAPITAL

	Yong Tai Group and Yong Tai					
	2015		2014		2013	
	Number	*RM*	*Number*	*RM*	*Number*	*RM*
Authorised: -						
Ordinary shares of RM1 each						
At 1 July	50,000,000	50,000,000	50,000,000	50,000,000	50,000,000	50,000,000
Par value reduction	50,000,000	–	–	–	–	–
Ordinary shares of RM0.50 each	100,000,000	50,000,000	50,000,000	50,000,000	50,000,000	50,000,000
Created during the year	1,900,000,000	950,000,000	–	–	–	–
At 31 December	2,000,000,000	1,000,000,000	50,000,000	50,000,000	50,000,000	50,000,000
Issued and fully paid: -						
Ordinary shares of RM1 each						
At 1 July	40,115,000	40,115,000	40,115,000	40,115,000	40,115,000	40,115,000
Par value reduction	–	(20,057,500)	–	–	–	–
Ordinary shares of RM0.50 each	40,115,000	20,057,500	40,115,000	40,115,000	40,115,000	40,115,000
Issuance of shares:						
– Rights issue with warrants	80,230,000	40,115,000	–	–	–	–
– Special issue	40,000,000	20,000,000	–	–	–	–
At 31 December	160,345,000	80,172,500	40,115,000	40,115,000	40,115,000	40,115,000

The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of Yong Tai. In respect of Yong Tai's treasury shares that are held by Yong Tai, all rights are suspended until those shares are reissued.

15. RESERVES

	Yong Tai Group			Yong Tai		
	2015	2014	2013	2015	2014	2013
	RM	*RM*	*RM*	*RM*	*RM*	*RM*
Distributable						
(Accumulated losses)/Retained profits	(4,428,171)	(25,993,528)	(18,751,708)	20,077,917	(13,813,940)	1,340,298
Non-distributable						
Share premium	2,220,992	1,626,071	1,626,071	2,220,992	1,626,071	1,626,071
Warrant reserve	6,217,825	–	–	6,217,825	–	–
	8,438,817	1,626,071	–	8,438,817	1,626,071	–
	4,010,646	(24,367,457)	(17,125,637)	28,516,734	(12,187,869)	2,966,369

16. LOANS AND BORROWINGS

	Yong Tai Group		
	2015	**2014**	**2013**
	RM	*RM*	*RM*
Non-current			
Secured			
– Term loans	2,144,197	7,852,928	3,673,275
Current			
Secured			
– Bank overdraft	5,833,127	6,828,472	9,092,550
– Bankers acceptance	–	999,160	5,705,000
– Term loans	10,653,585	9,174,934	2,297,911
	16,486,712	17,002,566	18,640,424
	18,630,909	24,855,494	22,313,699

The loans and borrowings are secured by mean of: -

(a) fixed charge over the freehold land, long-term leasehold land and buildings of Yong Tai Group as referred to in Note 3;

(b) fixed charge over the investment properties of Yong Tai Group as referred to in Note 4;

(c) fixed charge over properties of certain directors of Yong Tai Group;

(d) guarantee by certain directors of Yong Tai Group jointly and severally; and

(e) corporate guarantee by the Yong Tai.

17. HIRE PURCHASE PAYABLES

	Yong Tai Group		
	2015	**2014**	**2013**
	RM	*RM*	*RM*
Non-current	109,646	180,866	87,613
Current	38,820	90,149	372,109
	148,466	271,015	459,722

	Future minimum lease payments	**Interest**	**Present value of minimum lease payments**
	RM	*RM*	*RM*
2015			
Less than one year	45,140	(6,320)	38,820
Between one and five years	116,612	(6,966)	109,646
	161,752	(13,286)	148,466
2014			
Less than one year	102,947	(12,798)	90,149
Between one and five years	195,103	(14,237)	180,866
	298,050	(27,035)	271,015
2013			
Less than one year	388,599	(16,490)	372,109
Between one and five years	91,612	(3,999)	87,613
	480,211	(20,489)	459,722

18. TRADE AND OTHER PAYABLES

	Yong Tai Group			Yong Tai		
	2015	2014	2013	2015	2014	2013
	RM	*RM*	*RM*	*RM*	*RM*	*RM*
Trade payables	35,582,235	12,602,851	–	–	–	–
Other payables: -						
Progress billings in respect of property development costs	750,842	–	–	–	–	–
Sundry payables	7,690,916	1,676,318	2,643,527	323,165	20,390	18,150
Accruals	3,230,363	2,733,840	1,464,895	134,900	86,000	83,900
Deposit received	1,299,738	124,080	123,600	–	–	–
	12,971,859	4,534,238	4,232,022	458,065	106,390	102,050
	48,554,094	17,137,089	4,232,022	458,065	106,390	102,050

19. AMOUNT DUE TO DIRECTORS

This represents unsecured, interest-free advances with no fixed term of repayment.

20. REVENUE

	Yong Tai Group			Yong Tai		
	2015	2014	2013	2015	2014	2013
	RM	*RM*	*RM*	*RM*	*RM*	*RM*
		(Restated)				
Continuing operations						
Sale of development properties	55,451,087	–	–	–	–	–
Sale of garments and fashion accessories	30,493,760	37,009,107	–	–	–	–
Dyeing of fabric and related products	11,011,484	11,451,702	–	–	–	–
Dividend income	–	–	–	20,700,000	–	–
	96,956,331	48,460,809	–	20,700,000	–	–
Discontinued operation						
Manufacturing of fabric and related products *(Note 24)*	22,498,944	15,346,577	–	–	–	–
	119,455,275	63,807,386	–	20,700,000	–	–

21. COST OF SALES

	Yong Tai Group			Yong Tai		
	2015	2014	2013	2015	2014	2013
	RM	*RM*	*RM*	*RM*	*RM*	*RM*
		(Restated)				
Continuing operations						
Cost of property development	47,510,240	–	–	–	–	–
Cost of inventories sold	25,739,165	32,358,602	–	–	–	–
	73,249,405	32,358,602	–	–	–	–
Discontinued operation						
Cost of inventories sold *(Note 24)*	19,316,329	14,736,324	–	–	–	–
	92,565,734	47,094,926	–	–	–	–

22. FINANCE COSTS

	Yong Tai Group		
	2015	2014	2013
	RM	*RM*	*RM*
		(Restated)	
Interest expense of financial liabilities that are not at fair value through profit or loss:			
– Bank overdraft	503,859	572,582	767,546
– Short-term borrowings	81,206	118,781	384,302
– Term loan	1,610,516	1,064,969	695,515
– Hire purchase	8,773	15,074	38,817
	2,204,354	1,771,406	1,886,180

23. INCOME TAX EXPENSE

	Yong Tai Group			Yong Tai		
	2015	2014	2013	2015	2014	2013
	RM	*RM*	*RM*	*RM*	*RM*	*RM*
Recognised in profit or loss: -						
Malaysian current year tax expense	1,324,544	28,000	27,488	–	–	–
Reconciliation of tax expense: -						
Profit/(Loss) before tax						
– continuing operations	2,283,303	(3,164,807)	–	20,052,182	(15,154,238)	–
– discontinued operation *(Note 24)*	6,766,923	(4,081,988)	–	–	–	–
	9,050,226	(7,246,795)	–	20,052,182	(15,154,238)	–
Income tax calculated using Malaysian tax rate of 25% (2014: 25%)	2,262,600	(1,810,988)	(1,990,219)	5,013,000	(3,788,000)	(34,800)
Non-deductible expenses	948,544	771,488	4,336,662	89,700	3,788,000	34,800
Income not subject to tax	(1,772,600)	(108,000)	(4,277,432)	(5,102,700)	–	–
Tax savings arising from utilisation of unabsorbed capital allowances brought forward	(500,400)	(26,800)	–	–	–	–
Tax savings arising from unutilised tax losses brought forward	(11,300)	–	–	–	–	–
Deferred tax assets on current year temporary differences not recognised	397,700	1,202,300	1,903,380	–	–	–
Tax expense for the year	1,324,544	28,000	(22,712)	–	–	–

* The Malaysian Budget 2014 announced the reduction of corporate tax rate to 24% with effect from Year of Assessment 2016. Consequently, deferred tax assets and liabilities which are expected to reverse in year 2016 and beyond are measured using the tax rate of 24%.

Unrecognised deferred tax assets

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

	Yong Tai Group		
	2015	**2014**	**2013**
	RM	*RM*	*RM*
Tax effects of: –			
Unutilised tax losses	4,440,300	10,190,700	9,566,600
Unabsorbed reinvestment allowances	219,300	507,200	507,100
Other deductible temporary differences	62,200	1,581,300	2,514,500
Fair value gain	(12,800)	–	–
	4,709,000	12,279,200	12,588,200

The unabsorbed capital allowances, reinvestment allowances and unutilised tax losses do not expire under current tax legislation. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which Yong Tai can utilise the benefits there from.

24. DISCONTINUED OPERATION/DISPOSAL OF SUBSIDIARY

On 30 June 2015, Yong Tai Group had entered into two separate Share Sale Agreements with a third party to dispose its entire 100% equity interest, representing 5,000,000 ordinary shares of Golden Vertex Sdn Bhd ("**GV**") for the cash consideration of RM1.00 and 100,000 ordinary shares of The Image Outlet Sdn Bhd ("**TIO**") for the cash consideration of RM1.00. The agreements have been completed during the financial year.

Effect of disposal on the financial position of Yong Tai Group

	Note	**2015** *RM*
Property, plant and equipment		545,875
Deferred tax assets	*8*	52,400
Inventories		7,891,644
Trade and other receivables		3,026,479
Current tax assets		50,413
Cash and cash equivalents		116,023
Trade and other payables		(15,675,986)
Hire purchase payables		(17,256)
Loans and borrowings		(3,079,874)
Net assets and liabilities		(7,090,282)
Gain on sale of discontinued operation/disposal of subsidiary		7,090,284
Consideration received, satisfied in cash		2
Cash and cash equivalents disposed of		(116,023)
Net cash outflow		(116,021)
Gain on disposal of subsidiary attributable to gain on disposed interest		
Discontinued operation		5,701,594
Other subsidiary		1,388,690
		7,090,284

The disposal of GV deemed to be "discontinued operation" as Yong Tai Group sold its entire manufacturing operating segment for Europe market. The segment was not a discontinued operation or classified as held for sale as at 30 June 2014 and the comparative consolidated statement of profit or loss and other comprehensive income has been re-presented to show the discontinued operation separately from continuing operations. Management committed to a plan to sell this segment in early 2015 due to the strategic decision to place greater focus on the Yong Tai Group's operations in Malaysia, as well as diversification into property development industry.

25. PROFIT/(LOSS) FOR THE YEAR

	Yong Tai Group			Yong Tai		
	2015	2014	2013	2015	2014	2013
	RM	*RM*	*RM*	*RM*	*RM*	*RM*
Profit/(Loss) for the year are stated after charging/(crediting): –						
Auditors' remuneration						
– audit fees	120,000	70,977	83,000	21,000	10,000	10,000
– non-audit fees	93,000	–	(4,500)	–	–	–
Bad debts written off	–	2,684,279	–	–	–	–
Depreciation of property, plant and equipment	1,514,380	1,569,514	1,489,194	–	–	–
Directors' remuneration						
– fees	275,500	64,000	64,000	110,500	64,000	64,000
– other emoluments	1,437,723	1,475,507	1,352,957	–	–	–
Impairment of investment in a subsidiary	–	–	–	–	15,000,000	–
Loss on disposal of property, plant and equipment	11,100	–	–	–	–	–
Property, plant and equipment written off	164,498	515	55,039	–	–	–
Participating contribution in joint operation	4,400,000	–	–	–	–	–
Rental of :						
– booths	21,420	13,674	19,069	–	–	–
– machinery	94,800	76,656	115,362	–	–	–
– hostel	107,004	125,630	113,450	–	–	–
– land	36,000	36,000	18,000	–	–	–
– premises	5,583,577	4,691,861	3,889,991	–	–	–
Staff costs (excludes directors' remuneration):						
– wages, salaries and others	13,908,269	13,746,683	12,058,119	–	–	–
– contribution to state plans	1,027,174	1,023,221	951,701	–	–	–
– other personnel costs	943,694	826,169	737,365	–	–	–
Fair value adjustment of investment property	(160,000)	–	(233,103)	–	–	–
Gain from bargain purchase	(1,929,725)	–	–	–	–	–
(Gain)/Loss on disposal of subsidiary companies	(7,090,284)	–	–	289,998	–	–
Gain on disposal of property, plant and equipment	(19,999)	–	(240,022)	–	–	–
Foreign exchange:						
– realised loss	23,407	–	–	–	–	–
– unrealised loss	52,477	–	40,396	–	–	–
– realised gain	(9,968)	(73,290)	(300,875)	–	–	–
– unrealised gain	(41,050)	(12,306)	–	–	–	–
Rental income from property	(457,603)	(447,850)	(470,000)	–	–	–

26. EARNINGS/(LOSS) PER ORDINARY SHARE

Basic earnings/(loss) per ordinary share

The calculation of basic earnings/(loss) per ordinary share at 30 June 2015 was based on the profit attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding, calculated as follows:

	Yong Tai Group		
	2015	**2014**	**2013**
	RM	*RM*	*RM*
Profit/(Loss) attributable to ordinary shareholders (RM)			
From continuing operations	958,759	(3,192,807)	(7,938,163)
From discontinued operation	6,766,923	(4,081,988)	–
	7,725,682	(7,274,795)	–
Weighted average number of ordinary shares at 1 July	40,115,000	40,115,000	40,115,000
Effect of rights issue	1,275,466	1,055,658*	–
Effect of special issue	109,589	–	–
Weighted average number of ordinary shares at 30 June	41,500,055	41,170,658	–
Basic earnings/(loss) per ordinary share (sen)			
From continuing operations	2.3	(7.8)	–
From discontinued operation	16.3	(9.9)	–
	18.6	(17.7)	(19.8)

Diluted earnings/(loss) per ordinary share

The calculation of diluted earnings per share at the end of reporting period was based on profit attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding after adjustment for the effects of all diluted potential ordinary shares, calculated as follow:.

	Yong Tai Group		
	2015	**2014**	**2013**
	RM	*RM*	*RM*
Profit/(Loss) attributable to ordinary shareholders (RM)			
From continuing operations	958,759	(3,192,807)	–
From discontinued operation	6,766,923	(4,081,988)	–
	7,725,682	(7,274,795)	–
Weighted average number of ordinary shares (basic)	41,500,055	41,170,658*	–
Effects of dilution:			
– Unexercised warrants	16,650,218	16,650,218*	–
Weighted average number of ordinary shares (diluted) at 30 June	58,150,273	57,820,876	–
Diluted earnings/(loss) per ordinary share (sen)			
From continuing operations	1.6	(5.5)	–
From discontinued operation	11.6	(7.1)	–
	13.2	(12.6)	–

* The effect of rights issue with free detachable warrants were treated as if it has occurred before the beginning of 1 July 2013.

27. PURCHASE OF PROPERTY, PLANT AND EQUIPMENT

	Yong Tai Group		
	2015	**2014**	**2013**
	RM	*RM*	*RM*
Additions during the year *(Note 3)*	1,018,736	1,402,235	1,188,129
Financed by hire purchase agreement	–	(200,000)	(132,000)
	1,018,736	1,202,235	1,056,129

28. OPERATING SEGMENTS

Yong Tai Group has three reportable segments, as described below, which are offer different products and services. For each of the business segments, Yong Tai's Managing Director reviews the internal management reports on monthly basis. The following summary describes the operations in each of Yong Tai Group's reportable segments:

(i) Retailing – Retailing and trading of textile and garments products

(ii) Manufacturing – Manufacturing of garments

(iii) Dyeing – Manufacturing and dyeing of fabric and related products

(iv) Property development – Development of residential and commercial properties

Other operating segment comprises investment and property holding.

Performance is measured based on revenue and operating profit as the management believes that such information is the most relevant in evaluating the results of the operation.

Segment assets

The total of segment asset is measured based on all assets of a segment, as included in the internal management reports that are reviewed by Yong Tai Group's Managing Director. Segment total asset is used to measure the return of assets of each segment.

Segment liabilities

Segment liabilities information is also included in the internal management reports provided to Yong Tai Group's Managing Director.

Segment capital expenditure

Segment capital expenditure is the total cost incurred during the financial year to acquire property, plant and equipment and investment properties.

Yong Tai Group	Retailing of garments RM	Dyeing RM	Property development RM	Others RM	Elimination RM	Total (continuing operations) RM	Manufacturing (discontinued) RM
2015							
Revenue							
External customers	30,493,760	11,011,484	55,451,087	–	–	96,956,331	22,498,944
Inter-segment	384,581	–	–	120,000	(504,581)	–	–
	30,878,341	11,011,484	55,451,087	120,000	(504,581)	96,956,331	22,498,944
Results							
Segment results	(866,662)	144,763	4,193,085	(372,219)	–	3,098,967	1,290,420
Gain on disposal of subsidiary companies	1,388,690	–	–	–	–	1,388,690	5,701,594
Finance cost						(2,204,354)	(225,091)
Income tax						(1,324,544)	–
Net profit for the year						958,759	6,766,923
Other information							
Segment assets	17,745,794	14,957,538	39,786,276	46,375,857	–	118,865,465	–
Unallocated corporate assets						35,992,297	–
Consolidated total assets						154,857,762	–
Segment liabilities	10,703,103	2,721,061	34,668,305	461,625	–	48,554,094	–
Unallocated corporate liabilities						22,120,522	–
Consolidated total liabilities						70,674,616	–
Capital expenditure	852,678	35,399	72,409	–	–	960,486	58,250
Depreciation of property, plant and equipment	645,157	772,962	14,758	–	–	1,432,877	81,503
Property, plant and equipment written off	142,941	–	21,557	–	–	164,498	–

Yong Tai Group	Retailing of garments RM	Dyeing RM	Property development RM	Others RM	Elimination RM	Total (continuing operations) RM	Manufacturing (discontinued) RM
2014							
Revenue							
External customers	37,009,107	11,451,702	–	–	–	48,460,809	15,346,577
Inter-segment	256,029	–	–	120,000	(376,029)	–	–
	37,265,136	11,451,702	–	120,000	(376,029)	48,460,809	15,346,577
Results							
Segment results	(766,535)	132,189	–	(759,055)	–	(1,393,401)	(3,767,421)
Finance cost						(1,771,406)	(314,567)
Income tax						(28,000)	–
Net loss for the year						(3,192,807)	(4,081,988)
Other information							
Segment assets	34,295,896	15,304,756	–	13,946,838	–	63,547,490	6,610,347
Unallocated corporate assets						1,008,987	–
Consolidated total assets						64,556,477	6,610,347
Segment liabilities	11,973,258	2,206,325	–	403,224	–	14,582,807	2,825,297
Unallocated corporate liabilities						38,011,177	–
Consolidated total liabilities						52,593,984	2,825,297
Bad debts written off	–	–	–	–	–	–	2,684,279
Capital expenditure	911,475	240,000	–	228,461	–	1,379,936	22,299
Depreciation of property, plant and equipment	590,763	846,883	–	32,136	–	1,469,782	99,732
Property, plant and equipment written off	480	35	–	–	–	515	–

Yong Tai Group	Retailing *RM*	Manufacturing *RM*	Dyeing *RM*	Others *RM*	Elimination *RM*	Total *RM*
2013						
Revenue						
External customers	34,275,167	21,991,264	11,048,914	–	–	67,315,345
Inter-segment	1,940,385	–	2,696	–	(1,943,081)	–
	36,215,552	21,991,264	11,051,610	–	(1,943,081)	67,315,345
Results						
Segment results	(5,403,781)	(1,363,237)	22,787	331,252	338,284	(6,074,695)
Finance cost						(1,886,180)
Income tax						22,712
Net loss for the year						(7,938,163)
Other information						
Segment assets	32,744,095	9,578,912	15,230,597	13,701,490		71,255,094
Unallocated corporate assets						871,440
Consolidated total assets						72,126,534
Segment liabilities	10,271,093	2,170,855	1,802,307	112,711		14,356,966
Unallocated corporate liabilities						33,947,230
Consolidated total liabilities						48,304,196
Allowance for specific doubtful debts	505,454	219,450	–	–		724,904
Capital expenditure	735,760	256,808	195,561	–		1,188,129
Depreciation of property, plant and equipment	558,027	130,190	800,977	–		1,489,194
Fair value adjustment	(233,103)	–	–	–		(233,103)
Written down of inventories	1,069,513	914,258	–	–		1,983,771
Property, plant and equipment written off	54,981	–	58	–		55,039

Geographical segments

Yong Tai Group's operations are located mainly in Malaysia. In presenting information on the basis of geographical segments, segment revenue is based on geographical location of customers. Segment assets are based on the geographical location of the assets. The amounts of segment assets do not include current and deferred tax assets.

Yong Tai Group	**Revenue** *RM*	**Segment assets** *RM*	**Capital expenditure** *RM*
2015			
Malaysia	96,956,331	118,865,465	960,486
Europe	22,498,944	–	58,250
Consolidated	119,455,275	118,865,465	1,018,736
2014			
Malaysia	51,853,333	68,560,501	1,402,235
Europe	11,954,053	1,597,336	–
Consolidated	63,807,386	70,157,837	1,402,235
2013			
Malaysia	46,008,822	67,547,381	1,188,129
Europe	21,306,523	3,707,713	–
Consolidated	67,315,345	71,255,094	1,188,129

29. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

The table below provides an analysis of financial instruments categorised as follows:

– Loans and receivables ("**L&R**")

– Financial liabilities measured at amortised cost ("**FL**")

	Yong Tai Group		Yong Tai	
	Carrying amount	L&R (F/L)	Carrying amount	L&R (F/L)
	RM	*RM*	*RM*	*RM*
30 June 2015				
Financial assets				
Trade receivables	9,316,399	9,316,399	–	–
Other receivables	21,452,201	21,452,201	6,111,106	6,111,106
Amount due by subsidiaries	–	–	45,700,819	45,700,819
Cash and bank balances	42,503,646	42,503,646	26,405,254	26,405,254
	73,272,246	73,272,246	78,217,179	78,217,179
Financial liabilities				
Trade payables	(35,582,235)	(35,582,235)	–	–
Other payables	(12,221,017)	(12,221,017)	(458,065)	(458,065)
Amount due to subsidiaries	–	–	(4,530,050)	(4,530,050)
Amount due to directors	(2,869,513)	(2,869,513)	–	–
Loans and borrowings	(18,630,909)	(18,630,909)	–	–
Hire purchase payables	(148,466)	(148,466)	–	–
	(69,452,140)	(69,452,140)	(4,988,115)	(4,988,115)
30 June 2014				
Financial assets				
Trade receivables	19,221,755	19,221,755	–	–
Other receivables	3,192,509	3,192,509	1,000	1,000
Amount due by subsidiaries	–	–	3,576,230	3,576,230
Cash and bank balances	1,024,153	1,024,153	410	410
	23,438,417	23,438,417	3,577,640	3,577,640
Financial liabilities				
Trade payables	(12,602,851)	(12,602,851)	–	–
Other payables	(4,534,238)	(4,534,238)	(106,390)	(106,390)
Amount due to subsidiaries	–	–	(10,294,289)	(10,294,289)
Amount due to directors	(13,155,262)	(13,155,262)	–	–
Loans and borrowings	(24,855,494)	(24,855,494)	–	–
Hire purchase payables	(271,015)	(271,015)	–	–
	(55,418,860)	(55,418,860)	(10,400,679)	(10,400,679)

	Yong Tai Group		Yong Tai	
	Carrying amount	L&R (F/L)	Carrying amount	L&R (F/L)
	RM	*RM*	*RM*	*RM*
30 June 2013				
Financial assets				
Trade receivables	19,318,906	19,318,906	–	–
Other receivables	2,327,872	2,327,872	1,000	1,000
Amount due by subsidiaries	–	–	3,400,840	3,400,840
Cash and bank balances	804,890	804,890	2,530	2,530
	22,451,668	22,451,668	3,404,370	3,404,370
Financial liabilities				
Trade payables	(10,124,944)	(10,124,944)	–	–
Other payables	(4,232,022)	(4,232,022)	(102,050)	(102,050)
Amount due to subsidiaries	–	–	(9,171,121)	(9,171,121)
Amount due to directors	(11,173,113)	(11,173,113)	–	–
Loans and borrowings	(22,313,699)	(22,313,699)	–	–
Hire purchase payables	(459,722)	(459,722)	–	–
	(48,303,500)	(48,303,500)	(9,273,171)	(9,273,171)

(b) Financial risk management

Yong Tai Group has exposure to the following risks from its use of financial instruments:

– Credit risk

– Liquidity risk

– Market risk

(c) Credit risk

Credit risk is the risk of a financial loss to Yong Tai Group of a customer or counterparty to a financial instrument fails to meet its contractual obligations. It's exposure to credit risk arises principally from its receivables from customers. Yong Tai's exposure to credit risk arises principally from loans and advances to subsidiaries and financial guarantees given to banks for credit facilities granted to subsidiaries.

(i) Receivables

Risk management objectives, policies and processes for managing the risk

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Normally credit evaluations are performed on customers requiring credit over a certain amount.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk arising from receivables is represented by the carrying amounts in the statement of financial position.

Impairment losses

Yong Tai Group maintains an ageing analysis in respect of trade receivables only. The ageing of trade receivables as at the end of the reporting period was:

	Gross	Individual impairment	Collective impairment	Net
	RM	*RM*	*RM*	*RM*
Yong Tai Group				
2015				
Not past due	3,913,762	–	–	3,913,762
Past due 0 – 1 month	243,035	–	–	243,035
Past due 1 – 2 months	9,801	–	–	9,801
Past due more than 2 months	9,425,800	(4,275,999)	–	5,149,801
	13,592,398	(4,275,999)	–	9,316,399
Yong Tai Group				
2014				
Not past due	6,712,060	–	–	6,712,060
Past due 0 – 1 month	317,082	–	–	317,082
Past due 1 – 2 months	103,123	–	–	103,123
Past due more than 2 months	16,380,294	(4,290,804)	–	12,089,490
	23,512,559	(4,290,804)	–	19,221,755
Yong Tai Group				
2013				
Not past due	7,326,283	–	–	7,326,283
Past due 0 – 1 month	467,305	–	–	467,305
Past due 1 – 2 months	65,470	–	–	65,470
Past due more than 2 months	22,303,422	–	(10,843,574)	11,459,848
	30,162,480	–	(10,843,574)	19,318,906

The movements in the allowance for impairment losses of trade receivables during the financial year were:

	Yong Tai Group		
	2015	**2014**	**2013**
	RM	*RM*	*RM*
At 1 July	4,290,804	10,843,574	101,146,129
Impairment loss written off	(14,805)	(6,552,770)	–
At 30 June	4,275,999	4,290,804	4,843,574

(ii) *Financial guarantees*

Risk management objectives, policies and processes for managing the risk

Yong Tai provides unsecured financial guarantees to banks in respect of banking facilities granted to certain subsidiaries. Yong Tai monitors on an ongoing basis the results of the subsidiaries and repayment made by the subsidiaries.

Exposure to credit risk, credit quality and collateral

The maximum exposure to credit risk amounts to RM6,173,646 (2014: RM8,920,645) and RM3,079,874 (2014: RM5,435,735) representing the outstanding banking facilities of the subsidiaries and disposed subsidiaries respectively as at the end of the reporting period.

As at the end of the reporting period, there was no indication that any subsidiary would default on repayment. The financial guarantees have not been recognised since the fair value on initial recognition was not material.

(iii) *Inter-company loans and advances*

Risk management objectives, policies and processes for managing the risk

Yong Tai provides unsecured loans and advances to subsidiaries. Yong Tai monitors the results of the subsidiaries regularly.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

Impairment losses

As at the end of the reporting period, there was no indication that the loans and advances to the subsidiaries are not recoverable. Yong Tai does not specifically monitor the ageing of current advances to the subsidiaries.

(d) Liquidity risk

Liquidity risk is the risk that Yong Tai Group will not be able to meet its financial obligations as they fall due. It's exposure to liquidity risk arises principally from its various payables, loans and borrowings.

Yong Tai Group maintains a level of cash and cash equivalents and bank facilities deemed adequate by the management to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they fall due.

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier or at significantly different amounts.

Maturity analysis

The table below summarises the maturity profile of Yong Tai Group and Yong Tai's financial liabilities as at the end of the reporting period based on undiscounted contractual payments.

	Carrying amount	Contractual interest rate	Contractual cash flows	Under 1 year	1-5 years
	RM		*RM*	*RM*	*RM*
Yong Tai Group					
2015					
Non-derivative financial liabilities					
Trade payables	35,582,235	–	35,582,235	35,582,235	–
Other payables	12,221,017	–	12,221,017	12,221,017	–
Amount due to directors	2,869,513	–	2,869,513	2,869,513	–
Bank overdraft	5,833,127	8.2%	5,833,127	5,833,127	–
Term loans	12,797,782	17.1%	14,584,596	12,050,655	2,533,941
Hire purchase payables	148,466	4.8%	161,752	45,140	116,612
	69,452,140		71,252,240	68,601,687	2,650,553
2014					
Non-derivative financial liabilities					
Trade payables	12,602,851	–	12,602,851	12,602,851	–
Other payables	4,534,238	–	4,534,238	4,534,238	–
Amount due to directors	13,155,262	–	13,155,262	13,155,262	–
Bank overdraft	6,828,472	8.2%	6,828,472	6,828,472	–
Short-term borrowings	999,160	5.6%	999,160	999,160	–
Term loans	17,027,862	16.3%	20,750,102	11,680,030	9,070,072
Hire purchase payables	271,015	5.1%	298,050	102,947	195,103
	55,418,860		59,168,135	49,902,960	9,265,175
2013					
Non-derivative financial liabilities					
Trade payables	10,124,944	–	10,124,944	10,124,944	–
Other payables	4,232,022	–	4,232,022	4,232,022	–
Amount due to directors	11,173,113	–	11,173,113	11,173,113	–
Bank overdraft	9,092,550	8.3%	9,092,550	9,092,550	–
Short-term borrowings	7,249,963	5.6%	7,249,963	7,249,963	–
Term loans	5,971,186	10.2%	6,760,650	2,484,744	4,275,906
Hire purchase payables	459,722	4.6%	480,211	388,599	91,612
	48,303,500		49,113,453	44,745,935	4,367,518

	Carrying amount *RM*	Contractual interest rate	Contractual cash flows *RM*	Under 1 year *RM*	1-5 years *RM*
Yong Tai					
2015					
Non-derivative financial liabilities					
Other payables	458,065	–	458,065	458,065	–
Amount due to subsidiaries	4,530,050	–	4,530,050	4,530,050	–
	4,988,115		4,988,115	4,988,115	–
2014					
Non-derivative financial liabilities					
Other payables	106,390	–	106,390	106,390	–
Amount due to subsidiaries	10,294,289	–	10,294,289	10,294,289	–
	10,400,679		10,400,679	10,400,679	–
2013					
Non-derivative financial liabilities					
Other payables	102,050	–	102,050	102,050	–
Amount due to subsidiaries	9,171,121	–	9,171,121	9,171,121	–
	9,273,171		9,273,171	9,273,171	–

(e) Market risk

Market risk is the risk that changes in market prices, such as interest rates that will affect the Group's financial position or cash flows.

Exposure to interest rate risk

The interest rate profile of Yong Tai Group's significant interest-bearing financial instruments, based on carrying amounts as at the end of the reporting period was:

	Yong Tai Group			Yong Tai		
	2015	2014	2013	2015	2014	2013
	RM	*RM*	*RM*	*RM*	*RM*	*RM*
Fixed rate instruments						
Financial liabilities	10,461,532	10,743,237	3,626,389	–	–	–
Floating rate instruments						
Financial liabilities	8,317,843	14,383,272	19,147,032	–	–	–

Interest rate risk sensitivity analysis

- Fair value sensitivity analysis for fixed rate instruments

Yong Tai does not account for any fixed rate financial assets and liabilities at fair value through profit or loss, and Yong Tai does not designate derivatives as hedging instruments under a fair value hedge accounting model. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

- Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points ("**bp**") in interest rates at the end of the reporting period would have increased/(decreased) pre-tax profit or loss by RM83,200 (2014: RM143,800).

(f) Fair value of financial instruments

The carrying amounts of cash and cash equivalents, short term receivables and payables, amount due by/(to) subsidiaries, amount due to directors and short term borrowings approximate fair values due to the relatively short term nature of these financial instruments.

The carrying amount of floating rates term loans approximate its fair value as their effective interest rate changes accordingly to movements in the market interest rate.

For the purpose of fair value disclosures, classes of assets and liabilities are determined based on the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy.

For assets and liabilities that are recognised in the financial statements on a recurring basis, Yong Tai determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period. There has been no transfer between Level 1 and Level 2 fair value during the current and prior financial years.

30. CAPITAL MANAGEMENT

Yong Tai Group's objectives when managing capital is to maintain a strong capital base and safeguard the Group's ability to continue as a going concern, so as to maintain investor, creditor and market confidence and to sustain future development of the business.

The debt-to-equity ratios were as follows:

	Yong Tai Group		
	2015	**2014**	**2013**
	RM	*RM*	*RM*
Total loans and borrowings *(Note 16)*	18,630,909	24,855,494	22,313,699
Hire purchase payables *(Note 17)*	148,466	271,015	459,722
Less: Cash and cash equivalents	(42,503,646)	(1,024,153)	(804,890)
Net debt	(23,724,271)	24,102,356	21,968,531
Total equity	84,183,146	15,747,543	22,989,363
Debt-to-equity ratio	(0.28)	1.53	0.96

There was no change in the Group's approach to capital management during the financial year.

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

31. RELATED PARTIES

Identity of related parties

For the purposes of these financial statements, parties are considered to be related to Yong Tai Group and Yong Tai if they has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or subject to common control or common significant influence. Related parties may be individuals or other entities.

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of Yong Tai Group directly or indirectly. The key management personnel include all the directors of the Group, and certain members of senior management of Yong Tai Group.

Yong Tai Group has related party relationship with its subsidiaries, significant investors, directors, joint operator and key management personnel.

Significant related party transactions

Related party transactions have been entered into in the normal course of business under negotiated terms. The significant related party transactions of Yong Tai Group and Yong Tai are shown below:

	Yong Tai Group			Yong Tai		
	2015	**2014**	**2013**	**2015**	**2014**	**2013**
	RM	*RM*	*RM*	*RM*	*RM*	*RM*
A. Companies in which certain directors have interest						
Rental of premises	82,920	125,600	60,000	–	–	–
B. Key management personnel						
Directors' remuneration	1,713,223	1,539,507	1,416,957	110,500	64,000	64,000

Significant related party balances

Significant related party balances as at reporting date are shown below:

	Yong Tai Group			Yong Tai		
	2015	**2014**	**2013**	**2015**	**2014**	**2013**
	RM	*RM*	*RM*	*RM*	*RM*	*RM*
A. Companies in which certain directors have interest						
Amount payable						
– Trade	–	1,523	163,879	–	–	–
– Non-trade	448,360	374,293	329,263	–	–	–

32. ACQUISITION OF A SUBSIDIARY

During the financial year, Yong Tai Group has acquired 2 ordinary shares of RM1.00 each in YTB Apple Sdn. Bhd., representing 100% of the issued and paid-up share capital of the subsidiary, for a total cash consideration of RM2.00 on 25 November 2014.

	Yong Tai Group
	2015
	RM
Net cash outflow arising from acquisition of a subsidiary	
Purchase consideration settled in cash and cash equivalents	(2)
Cash and cash equivalents acquired	–
	(2)

33. SIGNIFICANT EVENTS

(a) Combination of New Issue of Securities

On 4 December 2014, Yong Tai announced to undertake the following proposals:

(i) joint venture via the Joint Operations Agreement dated 4 December 2014 between YTB Apple Sdn. Bhd., a wholly- owned subsidiary of the Yong Tai and Apple 99 Development Sdn. Bhd. for the construction and development of a mixed development project comprising inter-alia a sixteen-storey luxury hotel known as "Courtyard by Marriott" and a thirty-two storey block of service apartments on a piece of land located at Jalan Tun Sri Lanang, State of Melaka ("**Joint Venture**");

(ii) par value reduction of the existing issued and paid-up share capital of Yong Tai of RM40,115,000 comprising 40,115,000 ordinary shares of RM1.00 each in Yong Tai to RM20,057,500 comprising 40,115,000 ordinary shares of RM0.50 each in Yong Tai via the cancellation of RM0.50 from the par value of each existing ordinary shares of RM1.00 each in Yong Tai pursuant to Section 64 the Companies Act, 1965 ("**Par Value Reduction**");

(iii) renounceable rights issue of 80,230,000 new ordinary shares together with 40,115,000 free detachable warrant at an indicative issue price of RM0.50 per Rights Share after the proposed par value reduction on the basis of two (2) Rights Shares for every one (1) share held together with one (1) Warrant for every two (2) Rights Shares subscribed at an entitlement date ("**Rights Issue with Warrants**");

(iv) special issue of up to 40,000,000 new ordinary shares to independent third party investor(s) to be identified ("**Special Issue**");

(v) increase in the authorised share capital of Yong Tai from RM50,000,000 comprising 50,000,000 ordinary shares of RM1.00 each in the Company to RM1,000,000,000 comprising 2,000,000,000 shares of Yong Tai ("**IASC**");

(vi) amendments to the memorandum and/or articles of association of Yong Tai to facilitate the increase in the authorised share capital.

Bursa Malaysia Securities Berhad ("**Bursa Securities**") granted its approval for the listing and quotation on 6 February 2015 for the following:

(i) admission to the Official List of Bursa Securities and the listing of and quotation for up to 40,115,000 warrants to be issued pursuant to the Rights Issue with warrants;

(ii) listing of and quotation for:

– 80,230,000 right shares to be issued pursuant to the rights issue with warrants;

– up to 40,115,000 new ordinary shares to be issued from full exercise of the Warrants; and

– up to 40,000,000 new ordinary shares to be issued pursuant to the special issue.

On 20 April 2015, Yong Tai had announced that:

– the issue price for the rights shares has been fixed at RM0.50 per Rights Share;

– the exercise price of the warrants has been fixed at RM0.50 per Warrant; and

– the issue price for the special issue Shares has been fixed at RM0.58 per special issue Share.

The entitlement date for rights issue with warrants has been fixed at 5.00 p.m. on 2 June 2015 pursuant to the announcement on 18 May 2015.

Subsequently on 25 June 2015, Yong Tai issued the following:

– 80,230,000 new ordinary shares of RM0.50 each with 40,115,000 warrants for a total cash consideration of RM40,115,000 pursuant to the rights issue with warrants; and

– 40,000,000 new ordinary shares of RM0.50 each at RM0.58 per share for a total cash consideration of RM23,200,000 pursuant to the special issue.

All the new shares and warrants were listed and quoted on the Main Market of Bursa Malaysia Securities Berhad on 30 June 2015.

(b) Joint Operation Arrangement

On 29 April 2014, Yong Tai's wholly-owned subsidiary, YTB Land Sdn. Bhd. has entered into a conditional project collaboration agreement with PTS Properties Sdn. Bhd. for the development of a condominium hotel known as 99 Residences at Melaka. Yong Tai had obtained shareholders' approval during the extraordinary general meeting held on 24 July 2014.

34. SUBSEQUENT EVENTS

(a) Memorandum Of Understanding with various parties

On 3 August 2015, the board of directors of Yong Tai announced that Yong Tai had on same day entered into five (5) separate Memorandums Of Understanding ("**MOU**") with the following parties:

(i) PTS Properties Sdn. Bhd., Boo Kuang Loon and Apple Impression Sdn. Bhd. in respect of the proposed acquisition by the Company of the entire equity interest in PTS Impression Sdn. Bhd., a company holding the rights to produce and stage a tourism stage performance known as "Impression Melaka";

(ii) Admiral City Sdn. Bhd. for the following:

  – the proposed acquisition of approximately 17 acres of seafront land ("**Impression Land**") located in Melaka; and

  – proposed establishment of a joint development arrangement to jointly develop approximately 100 acres of leasehold land located adjacent to the Impression Land, all of which are located in Melaka;

(iii) Pang Kwee Yin and Wong See Ming in respect of the proposed acquisition of Terrawest Resources Sdn. Bhd., a company which owns two (2) parcels of freehold and contiguous land located in Puchong, Selangor for a potential property development project;

(iv) Sia Chien Vui, Dato' Sri Lee Ee Hoe and PTS Properties Sdn. Bhd. in respect of the proposed acquisition by YTB of the entire equity interest in Yuten Development Sdn. Bhd., a company which has a joint venture arrangement with Fahad Holdings Sdn. Bhd. to jointly develop two (2) adjoining parcels of land along Jalan U-Thant, Kuala Lumpur; and

(v) Lim Hooi Yen and Beeh Boon Siang in respect of the proposed acquisition of Land & Build Sdn Bhd, a company which holds the development rights to develop two (2) parcels of freehold land located in Johor Bahru.

(b) Acquisition of subsidiaries

On 4 September 2015, Yong Tai has acquired two ordinary shares of RM1.00 each of YTB Impression Sdn. Bhd., representing 100% of its total issued and paid-up share capital for a total consideration of RM2.00. Following the acquisition, YTB Impression Sdn. Bhd. became a wholly-owned subsidiary of the Company.

35. SUPPLEMENTARY FINANCIAL INFORMATION ON THE BREAKDOWN OF REALISED AND UNREALISED PROFITS OR LOSSES

The breakdown of the retained earnings of Yong Tai Group and Yong Tai as at 30 June, into realised and unrealised profits, pursuant to Paragraph 2.06 and 2.23 of Bursa Malaysia Main Market Listing Requirements, are as follows:

	Yong Tai Group			Yong Tai		
	2015	**2014**	**2013**	**2015**	**2014**	**2013**
	RM	*RM*	*RM*	*RM*	*RM*	*RM*
Total (accumulated losses)/retained profits of the Company and its subsidiaries						
– Realised	(4,685,282)	(26,102,945)	(18,808,423)	20,077,917	(13,813,940)	1,340,298
– Unrealised	257,111	109,417	56,715	–	–	–
Total retained earnings	(4,428,171)	(25,993,528)	(18,751,708)	20,077,917	(13,813,940)	1,340,298

NOTES TO THE FINANCIAL STATEMENTS

(For the periods of nine months ended 31 March 2016)

A1. Basis of Preparation

The financial statements are unaudited and have been prepared in accordance with the requirements of Malaysian Financial Reporting Standard ("**MFRS**") 134, "Interim Financial Reporting" issued by the Malaysian Accounting Standards Board ("**MASB**") and paragraph 9.22 of the Bursa Malaysia Securities Berhad's Main Market Listing Requirements.

The unaudited financial statements should be read in conjunction with Yong Tai Group's annual audited financial statements for the year ended 30 June 2015.

A2. Accounting Policies

The accounting policies and methods of computation applied in the unaudited condensed financial statements are consistent with those adopted as disclosed in the Yong Tai Group's annual audited financial statements for the financial year ended 30 June 2015.

Yong Tai Group has adopted the new and revised Malaysian Financial Reporting Standards ("**MFRSs**") and IC Interpretations that became mandatory for the current reporting period. The adoption of these new and revised MFRSs and IC Interpretations does not result in significant changes in the accounting policies of the Yong Tai Group.

A3. Comparative

On 22 October 2015, Yong Tai had entered into a Share Sale Agreement with Diamond Galaxy Sdn Bhd ("**Diamond Galaxy**") for the disposal of the entire equity interest in Yong Tai Brothers Trading Sdn Bhd ("**YTBT**"), a wholly-owned subsidiary of the Company, for cash consideration of RM500,000/-.

In accordance with MFRS 5, Non-current Assets Held For Sale and Discontinued Operation, YTBT is classified as Disposal group held for sale/discontinued operation. The comparative of the Discontinued operation in the preceding year corresponding quarter and period to date have been reclassified and restated as follow:-

Condensed consolidated statement of comprehensive income

	Preceding quarter 31.03.2015		
	As previously stated	**Disposal Group MFRS 5**	**As Restated**
	RM'000	*RM'000*	*RM'000*
Revenue	34,817	19,123	15,694
Cost of sales	(22,655)	(9,460)	(13,195)
Gross profit	12,162	9,663	2,499
Other income	158	131	27
Other expenses	(10,935)	(8,779)	(2,156)
Finance costs	(703)	(585)	(118)
Profit before tax	682	430	252
Taxation	(357)	112	(469)
Profit/(Loss) for the period from continuing operations	325	542	(217)
Loss for the period from discontinued operation	–	(542)	542

	Preceding period to date 31.03.2015		
	As previously stated	**Disposal Group MFRS 5**	**As Restated**
	RM'000	*RM'000*	*RM'000*
Revenue	85,735	37,400	48,335
Cost of sales	(62,856)	(21,399)	(41,457)
Gross profit	22,879	16,001	6,878
Other income	2,458	392	2,066
Other expenses	(21,311)	(15,696)	(5,615)
Finance costs	(1,965)	(1,568)	(397)
Profit/(Loss) before tax	2,061	(871)	2,932
Taxation	(991)	–	(991)
Profit/(Loss) for the period from continuing operations	1,070	(871)	1,941
Loss for the period from discontinued operation	–	871	(871)

A4. Audit Report

The auditors' report for the annual financial statements of the Yong Tai Group for the financial year ended 30th June 2015 was not subject to any qualification.

A5. Seasonal or Cyclical Factors

Yong Tai Group's operations were not significantly affected by any seasonal or cyclical factors.

A6. Unusual Items

During the current quarter under review, there were no items or events that arose, which affected the assets, liabilities, equity, net income or cash flows during the financial period.

A7. Changes in Estimates

There were no changes in estimates of amount reported that have material effect on the results for the current quarter under review.

A8. Debt And Equity Securities

There were no issuances, cancellations, repurchases, resale and repayments of either debt or equity securities during the current quarter and financial year to date.

A9. Dividends Paid

There were no dividends paid for the current financial period to date.

A10. Valuation of Property, Plant and Equipment

There has been no valuation taken for the Group's property, plant and equipment for the current quarter under review.

A11. Changes in Composition of Yong Tai Group

There were no changes in the composition Yong Tai Group during the current quarter under review.

A12. Changes of Contingent Liabilities or Contingent Assets

There were no changes in contingent liability and contingent asset Yong Tai Group since the end of the previous financial year 30th June 2015.

A13. Significant Related Party Transaction

There were no significant related party transactions in the current quarter.

A14. Segment Information

	Property development RM'000	Dyeing RM'000	Investment holding and Others RM'000	Elimination RM'000	Total continuing operations RM'000	Total discontinued operations RM'000	Total group RM'000
9 months ended 31.03.2016							
External sales	22,831	9,509	–	–	32,340	2,885	35,225
Inter-segment	–	–	1,580	(1,580)	–	–	–
Total	22,831	9,509	1,580	(1,580)	32,340	2,885	35,225
Results:							
Segmental result	11,566	1,236	(2,057)	–	10,745	(2,966)	7,779
Unallocated corporate income					–	–	–
Operating profit/(loss)					10,745	(2,966)	7,779
Gain on disposal of subsidiary company					–	3,174	3,174
Finance costs					(329)	(381)	(710)
Share of results of joint ventures					(6,442)	–	(6,442)
Profit/(loss) before taxation					3,974	(173)	3,801
Taxation					(2,498)	–	(2,498)
Profit/(loss) after taxation					1,476	(173)	1,303
Non-controlling interest					–	–	–
Profit/(loss) for the period					1,476	(173)	1,303
Other information							
Segment assets	87,702	21,131	16,658	–	125,491	–	125,491
Unallocated corporate assets							–
Total consolidated corporate assets							125,491
Segment liabilities	32,388	7,085	532	–	40,005	–	40,005
Unallocated corporate liabilities							–
Total consolidated corporate liabilities							40,005

	Property development	Dyeing	Investment holding and Others	Elimination	Total continuing operations	Total discontinued operations	Total group
	RM'000	*RM'000*	*RM'000*	*RM'000*	*RM'000*	*RM'000*	*RM'000*
9 months ended 31.03.2015							
Revenue							
External sales	40,726	7,609	–	–	48,335	37,738	86,073
Inter-segment sales	–	–	90	(90)	–	(338)	(338)
Total	40,726	7,609	90	(90)	48,335	37,400	85,735
Results:							
Segmental result	1,371	364	(336)	–	1,399	697	2,096
Unallocated corporate income					1,930	–	1,930
Operating profit					3,329	697	4,026
Gain on disposal of subsidiary company					–	–	–
Finance costs					(397)	(1,568)	(1,965)
Profit/(loss) before taxation					2,932	(871)	2,061
Taxation					(991)	–	(991)
Profit/(loss) after taxation					1,941	(871)	1,070
Non-controlling interest					–	–	–
Profit/(loss) for the period					1,941	(871)	1,070
Other information							
Segment assets	24,778	14,261	2,039	–	41,078	51,478	92,556
Unallocated corporate assets							–
Total consolidated corporate assets							92,556
Segment liabilities	23,625	7,907	40	–	31,572	44,167	75,739
Unallocated corporate liabilities							–
Total consolidated corporate liabilities							75,739

A15. Discontinued Operation/Disposal of subsidiary

As mention in Section A3, YTBT is classified as Disposal group held for sale/discontinued operation.

The Disposal will enable Yong Tai Group to deconsolidate a loss-making business entity and is in line with the Yong Tai Group's business strategy to place greater focus and resources in the property development business segment in future.

In accordance with MFRS 5: Non-Current Assets Held for Sale and Discontinued operation, the results and cash flow of the disposal group were classified as "Discontinued operation" in the Statement of Comprehensive Income.

The revenue and results of the Discontinued operation are as follow:

	Current Quarter 31.03.2016	**Proceeding Quarter 31.03.2015**	**Current Period To Date 31.03.2016**	**Proceeding Period To Date 31.03.2015**
	RM'000	*RM'000*	*RM'000*	*RM'000*
Revenue	–	19,123	2,885	37,400
Cost of sales	–	(9,460)	(2,213)	(21,399)
Gross profit	–	9,663	672	16,001
Other income	–	131	102	392
Other expenses	–	(8,779)	(3,740)	(15,696)
Finance costs	–	(585)	(381)	(1,568)
Profit/(loss) before tax	–	430	(3,347)	(871)
Taxation	–	112	–	–
Profit/(loss) after tax	–	542	(3,347)	(871)
Gain on disposal of subsidiary company	–	–	3,174	–
Profit/ (loss) from discontinued operations	–	542	(173)	(871)

The effect of the disposal YTBT on the financial position of Yong Tai as follow :

	RM'000
Property, plant and equipment	3,022
Investment property	11,900
Inventories	4,728
Trade and other receivables	7,458
Cash and bank balances	259
Tax in credit	914
Trade and other payables	(19,505)
Amount due to directors	(119)
Term loan	(10,630)
Bank overdraft	(701)
Share of net assets disposed	(2,674)
Gain on disposal of subsidiary company	3,174
	500
Less: Cash and cash equivalents in subsidiary disposed	442
Net of cash and cash equivalents on disposal of subsidiary	942

A16. Subsequent Events

a) On 22 April 2016, YTB and the PTSI Vendors (namely PTS Properties, Mr. Boo Kuang Loon and Apple Impression Sdn Bhd) had entered into an addendum to the PTSI SPA ("**Addendum**") to extend the period to fulfil the conditions precedent of the PTSI SPA for another six (6) months commencing from 26 April 2016 to 25 October 2016 ("**Extension**"). Other than the Extension, all other terms and conditions provided in the PTSI SPA remain unchanged.

b) On 3 May 2016, on behalf of the Board, AmInvestment Bank announced that the parties to the L&B MOU and Terrawest MOU have mutually agreed to extend the L&B MOU and Terrawest MOU to 2 August 2016. Other than the aforementioned, all other terms stated in the L&B MOU and Terrawest MOU remain unchanged.

c) On 13 May 2016, the Board of Directors of Yong Tai Berhad announced that the proposed disposal of a parcel of leasehold land measuring approximately 21,775 square feet held under HS(D) 9777 PTD 1842, Mukim Linau, District of Batu Pahat, Johor together with one (1) unit of single storey warehouse erected thereon for a total cash consideration of RM1,300,000/- by Syarikat Koon Fuat Industries Sdn. Bhd. ("**SKF**"), a wholly-owned subsidiary of the Company, to Mr. Teo Hock Chuan has been completed in accordance with the terms and conditions of the Sale & Purchase Agreement.

2. MANAGEMENT DISCUSSION & ANALYSIS OF YONG TAI

The following is the management discussion and analysis of the financial conditions and operating results of Yong Tai Group for each of the financial years ended 30 June 2013, 2014 and 2015 and the nine months ended 31 March 2016. The following discussion and analysis should be read in conjunction with the audited consolidated financial statements for each of the financial years ended 30 June 2013, 2014 and 2015 and the nine months ended 31 March 2016 and the notes thereto as referred to in Appendix II to this circular.

(1) Operating results

Yong Tai is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad. The principal activity of Yong Tai is that of investment holding. The principal activities of the subsidiaries are disclosed in Note 5 to the financial statements. Prior to completion of the subscription, the Company holds 0.00% equity interests in Yong Tai.

For the financial year ended 30 June 2013, the audited consolidated net asset value, turnover, net loss both before and after taxation of Yong Tai were approximately RM34.3 million, RM23.8 million, RM7.96 million and RM7.94 million, respectively.

The garment manufacturing segment recorded a turnover of RM21.991 million for the financial year ended 30 June 2013, as compared with the previous financial year of RM19.619 million with a loss before taxation of RM1.363 million mainly due to the influence of cost control. The manufacturing, dyeing and finishing of fabrics segment registered a turnover of RM11.049 million, with profit before taxation of RM0.023 million for the financial year ended 30 June 2013.

For the financial year ended 30 June 2014, the audited consolidated net asset value, turnover, net loss both before and after taxation of Yong Tai were approximately RM15.7 million, RM63.8 million, RM7.274 million and RM7.273 million, respectively.

The garment manufacturing segment recorded a turnover of RM15.346 million for the financial year ended 30 June 2014, as compared with the previous financial year of RM21.991 million with a loss before taxation of RM4.271 million due to cost control and production efficiency. The manufacturing, dyeing and finishing of fabrics segment registered a turnover of RM11.452 million, with a profit before taxation of RM0.636 million for the financial year ended 30 June 2014.

For the financial year ended 30 June 2015, the audited consolidated net asset value, turnover, net profit both before and after taxation of Yong Tai were approximately RM84.1 million, RM97 million, RM7.73 million and RM7.73 million, respectively.

The profit was contributed from the joint venture project collaboration in the property business and gain on disposal of two loss making wholly owned subsidiaries, Golden Vertex Sdn Bhd and The Image Outlet Sdn Bhd amounted to RM7.09 million. The principal activity of Golden Vertex is manufacturing of garment, nylon, yarn and tailoring articles. Meanwhile, The Image Outlet is principally involved in the sale of garments and tailoring articles for the golf and leisure wear.

The manufacturing, dyeing and finishing of fabrics segment registered a turnover of RM11.011 million, with a profit before taxation of RM0.145 million for the financial year ended 30 June 2014.

Yong Tai Group recorded revenue of RM32.34 million during financial period ended 31 March 2016 as compared to RM48.335 million in the preceding year's corresponding period. The decrease in turnover was due to decrease revenue recognition from project Property Development business segment.

Yong Tai Group's profit before taxation was RM3.974 million for 9 months compared to profit before taxation RM2.932 million in the preceding year's corresponding period. The increase in profit before tax is mainly arising from the increase contribution through a joint operation in the property development business. Yong Tai Group's performance for the nine months ended 31 March 2016 was contributed by the following segment:-

Yong Tai's property development division has recorded a revenue level of RM22.831 million, representing 70.60% of Yong Tai Group's total revenue of RM32.34 million. Yong Tai Group has recognized the revenue of RM22.831 million based on the construction progress for its property development project in Melaka.

The dyeing segment registered revenue of RM9.509 million for the first 9 months compared to RM7.609 million in the previous year corresponding period. The increase in turnover was mainly due to increase in consumer demand in dyeing segment.

The discontinued operation segment that disposed in the financial year of 30 June 2016 recorded revenue and loss before tax of RM2.885 million and RM3.347 million respectively, compared to revenue of RM37.4 million and loss before tax of RM0.871 million in the preceding year corresponding period. The gain of disposal of subsidiary attributable to discontinue operation amounted RM3.174 million. It result losses from discontinued operation decreased to RM0.173 million.

(2) Substantial acquisitions and disposals

On 4 September 2015, Yong Tai has acquired two ordinary shares of RM1.00 each of YTB Impression Sdn. Bhd., representing 100% of its total issued and paid-up share capital for a total consideration of RM2.00. Following the acquisition, YTB Impression Sdn. Bhd. became a wholly-owned subsidiary of Yong Tai.

On 25 November 2014, Yong Tai Group has acquired 2 ordinary shares of RM1.00 each in YTB Apple Sdn. Bhd., representing 100% of the issued and paid-up share capital of the subsidiary, for a total cash consideration of RM2.00. Following the acquisition, YTB Apple Sdn. Bhd became a wholly-owned subsidiary of Yong Tai Group.

On 30 June 2015 the Yong Tai Group entered into two share sale agreements with Extreme Riches for the disposal of five (5) million ordinary shares of RM1.00 each in Golden Vertex and 100,000 ordinary shares of RM1.00 each in The Image Outlet. The Target Group had returned to profitability for the year in review registering RM7.73 million in net profit, a complete turnaround from a net loss of RM7.28 million in the previous corresponding period. The profits were mainly arising from the contribution from the joint venture project collaboration in the property business and gain on disposal of the above mentioned two loss-making wholly owned subsidiaries, Golden Vertex Sdn Bhd and The Image Outlet Sdn Bhd amounted to RM7.09 million. The Yong Tai Group did not have any other material investments, substantial acquisitions and disposals up to the submission date of this circular.

(3) Litigation

Yong Tai Group was not engaged in any litigation of material importance and there was no litigation or claim of material importance known to the Directors to be pending or threatened by or against any of Yong Tai Group and Yong Tai as the submission date of this circular.

(4) Financial resources, liquidity and gearing ratio

As at 31 March 2016, the total liabilities of Yong Tai Group amounted to approximately RM40 million, total cash and bank deposits amounted to approximately RM3.38 million which includes RM2 million of restricted bank deposits. Yong Tai Group financed its operations mainly through equity fundraising (including the Share Subscription Agreement signed with Impression Culture Asia Limited) and internally generated resources, amounts due to fellow subsidiaries and bank borrowings generally.

On 4 February 2016, Yong Tai had entered into a subscription agreement with Impression Culture Asia Limited ("**Impression Culture**") in relation to:

(aa) the proposed special issue of 150,000,000 new YTB Shares at an issue price of RM0.80 each to Impression Culture ("**Proposed Special Issue of Shares**"); and

(bb) the proposed special issue of 200,000,000 new irredeemable convertible preference shares of RM0.80 each in YTB ("**ICPS**") at an issue price of RM0.80 each to Impression Culture ("**Proposed Special Issue of ICPS**").

As at 31 October 2015, the Yong Tai Group had total bank borrowings of RM14.3 million. The bank borrowings are secured by the Yong Tai Group's properties under development for sale and carry interest at 6.85% Base Lending Rate (BLR) and +0.75% per annum on monthly rests.

As at 31 March 2016, the gearing ratio of Yong Tai Group (calculated by total bank borrowings less total cash and bank balance and divided by total equity) was approximately 15.2%.

(5) Charges on assets

As at 30 June 2013, 2014, 2015 and nine months ended 31 March 2016, properties development costs, fixed deposits, cash and bank balance of Yong Tai Group with the total amount of RM0.8 million, RM1.02 million, RM53.4 million and RM24.4 million were pledged to banks to secure the banking facilities, the amount substantially increase in 2015 and 31 March 2016 due to the joint venture project collaboration in the property business and gain on disposal of the two loss-making wholly owned subsidiaries.

(6) Capital and other commitments

As at nine month ended 31 March 2016, the Yong Tai Group did not have any capital commitment.

(7) Contingent liabilities

As at 30 June 2013, 2014 and 2015 and nine months ended 31 March 2016, the Yong Tai Group did not have any material contingent liabilities.

(8) Employees and remuneration's policy

Yong Tai provides a comprehensive benefits package for all employees as well as career development opportunities. This includes retirement schemes, share option scheme, medical insurance, other insurances, in-house training, on-the-job training, external seminars, and programmes organized by professional bodies and educational institutes. The Company strongly believes in the principle of equality of opportunity. The remuneration policy of the Company for rewarding its employees is based on their performance, qualifications and competency displayed in achieving our corporate goals. Project companies within the same city are under common daily operation and management from their respective city quarter and the personnel are not employed independently by project companies.

There were no share option schemes and no material changes on employees and remuneration's policy to Yong Tai Group.

(9) Foreign currency risk

Yong Tai Group has certain bank balances and debt obligations that are denominated in foreign currency. As a result, Yong Tai Group is exposed to fluctuations in foreign exchange rates, the management of Yong Tai closely monitors foreign currency exposure and will consider hedging significant foreign currency exposure should the need arise.

(10) Prospects

Upon Completion, Yong Tai will become an associate of the Company.

The Board of Directors is of the opinion that Yong Tai Group's venture into the property development segment will continue its growth and contribute positively to the Company's performance in the future.

Yong Tai had on 3 August 2015 entered into five separate Memorandums of Understanding (MoUs) with the vendors of PTS Impression Sdn Bhd (PTS Impression), Yuten Development Sdn Bhd (Yuten), Terrawest Resources Sdn Bhd (Terrawest), Land& Build Sdn Bhd (Land & Build) and Admiral City Sdn Bhd (Admiral City) to negotiate towards entering into definitive agreements for the following proposals:

(i) proposed acquisition of the entire equity interests in the following companies:

(a) PTS Impression, which holds the licence to produce and stage "Impression Melaka";

(b) Yuten, which holds a joint venture arrangement to develop 1.2 acres of land in Jalan U-Thant, Kuala Lumpur into high-end residences;

(c) Terrawest, which owns 1.5 acres of land in Puchong for a potential mixed development project;

(d) Land & Build, which holds the development rights for a mixed development project on 1.77 acres of land in Johor Bahru, Johor;

(ii) proposed acquisition of 17 acres of seafront land located in Melaka for a potential development into a theatre mainly for production of Impression Melaka; and

(iii) proposed establishment of a joint development arrangement to jointly develop 100 acres of leasehold land located in Melaka, which is adjacent to the Impression Land.

The proposals above provides Yong Tai with five potential property development projects carrying a combined gross development value (GDV) of approximately RM7 billion over the next 8 years in Melaka, Klang Valley and Johor.

Moving forward, Yong Tai will continue to grow its property development business segment by continuously seeking for opportunities to acquire more lands with good prospects for its future property development activities which the board believes there will be more potential investment opportunities in Yong Tai in the near future.

3. A LETTER FROM THE REPORTING ACCOUNTANTS OF THE COMPANY EXPLAINING THAT THERE WERE NO DIFFERENCES BETWEEN MALAYSIAN ACCOUNTING STANDARDS AND HONG KONG FINANCIAL REPORTING STANDARDS (HKFRS) THAT HAD MATERIAL EFFECT ON YONG TAI'S FINANCIAL INFORMATION

26 July 2016

The Board of Directors
Sino Haijing Holdings Limited
Suites 3701-10, 37/F,
Jardine House
1 Connaught Place
Central, Hong Kong

Dear Sirs,

SINO HAIJING HOLDINGS LIMITED (THE "COMPANY") AND ITS SUBSIDIARIES (THE "GROUP")

INCONSISTENCY IN ACCOUNTING POLICES ADOPTED BY YONG TAI BERHAD ("YONG TAI") AND ITS SUBSIDIARIES ("YONG TAI GROUP") FOR THE SIX MONTHS ENDED 31 DECEMBER 2015

This letter is written to your request in relation to the differences between Malaysian Financial Reporting Standards ("**MFRSs**") and International Financial Reporting Standards ("**IFRSs**"), and inconsistency in the accounting policies adopted by Yong Tai Group and the Group for the six months ended 31 December 2015.

We have made inquiries to Yong Tai's auditor, Ecovis AHL PLT, *Chartered Accountants* ("**Ecovis**"). Ecovis confirmed in writing and we concur that:

- the financial statements of Yong Tai Group for the six months ended 31 December 2015 have been prepared in accordance with MFRSs, which is fully convergence with IFRSs issued by the International Accounting Standards Board;

- there are no material differences between MFRSs and HKFRSs on the financial statements of Yong Tai Group for the six months ended 31 December 2015 which might have material impact on the reported financial position and operating result of Yong Tai Group for the six months ended 31 December 2015; and

- there would be no material financial impact on the financial statements of Yong Tai Group for the six months ended 31 December 2015 if the same accounting policies adopted by the Group were applied to prepare such financial statements of Yong Tai Group.

This letter has been prepared in connection with the proposed subscription for 150,000,000 new ordinary shares of Yong Tai and 200,000,000 irredeemable convertible preference shares in Yong Tai (the "**Proposed Subscription**"). It should not be relied upon by any party for any other purpose and we expressly disclaim any liability or duty to any party in this respect. It should not be disclosed, referred to or quoted in whole or in part without our prior written consent, nor is it to be filed with or referred to in whole or in part in the Circular or any other document, except that references may be made to its existence in (i) contracts among any of the Company and ourselves; and (ii) any communications in relation to the Proposed Subscription between the Company and ourselves, and a copy of this letter may be included in the bible of transaction documents memorialising the Proposed Subscription prepared for the Company. Nothing in the preceding sentence shall prevent the Company from disclosing this letter to its professional advisers or as may be required by law, regulation or court order or the rules or requirements of a regulatory body or stock exchange whose requirements the Company is complying with.

Yours faithfully,

Mazars CPA Limited
Certified Public Accountants

1. INTRODUCTION

Pursuant to the Subscription Agreement as described in this Circular, the Subscriber (as defined in this Circular) will subscribe for 150,000,000 new YTB Shares (as defined in this Circular) and 200,000,000 ICPS at the issue price of RM0.80 (equivalent to approximately HK$1.48) per Subscription Shares and ICPS respectively.

The unaudited pro forma financial information of the Group, comprising the unaudited pro forma consolidated statement of financial position as at 31 December 2015 (the "**Unaudited Pro Forma Financial Information**"), has been prepared by the Directors on the basis of the notes set out below for the purpose of illustrating the effect of the proposed subscription for 150,000,000 new YTB Shares and 200,000,000 ICPS at the issue price of RM0.80 (equivalent to approximately HK$1.48) per Subscription Shares and ICPS respectively might have affected the Group's financial position as at 31 December 2015 as if the Subscription had taken place on 31 December 2015.

The Unaudited Pro Forma Financial Information is prepared based on (i) the unaudited consolidated statement of financial position of the Group as at 31 December 2015 as extracted from the consolidated financial statements of the Company as at 31 December 2015, after making pro forma adjustments that are directly attributable to the Subscription, factually supportable and clearly identified as to those have/have no continuing effect on the Group.

The Unaudited Pro Forma Financial Information has been prepared by the Directors in accordance with paragraph 4.29 of the Listing Rules for illustrative purposes only, and because of its hypothetical nature, it may not give a true picture of the financial position of the Group had the Subscription been completed as at 31 December 2015 or any future date.

2. UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF THE GROUP

	The Group as at 31 December 2015	Pro forma adjustments				The Group as at 31 December 2015
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	(Note 1)	*(Note 2)*	*(Note 3)*	*(Note 4)*	*(Note 5)*	
Non-current assets						
Investment properties	8,776					8,776
Property, plant and equipment	165,137					165,137
Lease premiums for land	28,541					28,541
Deposits for potential acquisition of subsidiaries	50,000					50,000
Deposits for acquisition of land and property, plant and equipment	4,176					4,176
Interest in an associate	–	267,654				267,654
Available-for-sale financial assets	–		196,470			196,470
	256,630					720,754
Current assets						
Financial assets at fair value through profit or loss	162,615					162,615
Inventories	23,381					23,381
Lease premiums for land	687					687
Trade and other receivables	329,970					329,970
Pledged bank deposits	2,658					2,658
Cash and cash equivalents	90,143	(222,000)	(296,000)		580,000	152,143
	609,454					671,454
Current liabilities						
Trade and other payables	99,985			1,893		101,878
Bank and other borrowings	134,395					134,395
Current tax payable	1,659					1,659
	236,039					237,932
Net current assets	373,415					433,522
Total assets less current liabilities	630,045					1,154,276
Non-current liabilities						
Deferred tax liabilities	2,396					2,396
Notes payables	280,000					280,000
	282,396					282,396
NET ASSETS	347,649					871,880
Capital and reserves						
Share capital	44,874				75,000	119,874
Reserves	302,775	45,654	(99,530)	(1,893)	505,000	752,006
TOTAL EQUITY	347,649					871,880

3. NOTES TO THE UNAUDITED PRO FORMA FINANCIAL INFORMATION

1. The unaudited consolidated statement of financial position of the Group as at 31 December 2015 is extracted, without adjustments, from the annual report of the Company for the year ended 31 December 2015.

2. The adjustment relates to the recognition of the Group's interests in 35.3% of the enlarged share capital of Yong Tai using equity method of accounting in accordance with Hong Kong Accounting Standard ("**HKAS**") 28 "*Investments in Associates and Joint Ventures*" issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**").

   Pursuant to the Subscription Agreement, the Subscriber will subscribe for 150,000,000 Subscription Shares ("**Subscription Shares Transaction**") at an issue price of RM0.80 each in the sum of RM120,000,000 (equivalent to approximately HK$222,000,000) ("**Subscription Shares Consideration**"), which will be payable in cash upon completion.

   The bargain purchase arising from the Subscription Shares Transaction as if the Subscription Shares Transaction had been completed as at 31 December 2015 is calculated as follows:

	RM'000	*HK$'000*
Subscription Shares Consideration	120,000	222,000
Less: Share of 35.3% adjusted net assets of Yong Tai as at the acquisition date *(Note (i))*	(144,678)	(267,654)
Bargain purchase arising from the Subscription Shares Transaction	(24,678)	(45,654)

   Related pro forma adjustment has been made to recognise a gain on bargain purchase of RM24,678,000 (equivalent to approximately HK$45,654,000) which represents the excess of the adjusted net assets of Yong Tai as at 31 December 2015 over the Subscription Shares Consideration as if the Subscription Shares Transaction had been completed on 31 December 2015. The accounting policies adopted in preparing these adjustments are applied on the same basis as the Group would normally adopt in preparing its annual financial statements.

Notes:

(i) The Group's 35.3% share of the adjusted net assets of Yong Tai represents:

	RM'000	*HK$'000*
Net assets of Yong Tai as at 31 December 2015 (extracted from the Financial Information of Yong Tai as set out in Appendix II to this Circular)	84,869	157,008
Fair value adjustment on Yong Tai's net assets	1,539	2,847
Effect of deferred tax liabilities estimated at corporate income tax rate applicable to Yong Tai	(385)	(712)
Receipts on completion of the Subscription Shares Transaction	120,000	222,000
Receipts on completion of the Subscription ICPS Transaction	160,000	296,000
Capitalisation of amounts due to related parties of Yong Tai and an independent third party by issuance new ordinary shares of Yong Tai *(Note (ii))*	43,829	81,084
Adjusted net assets of Yong Tai attributable to the equity shareholders of Yong Tai	409,852	758,227
Share of 35.3% adjusted net assets of Yong Tai	144,678	267,654

The Group's 35.3% share of the adjusted net assets of Yong Tai as at the subscription date is estimated by reference to the valuation reports issued by APAC Asset Valuation and Consulting Limited.

The fair value adjustment on Yong Tai's net assets of RM1,539,000 (equivalent to approximately HK$2,847,000) refers to the assets valuation appreciation on the property, plant and equipment, investment in joint venture, interest in joint operation and property development cost which is determined based on the valuation of these assets of RM67,506,000 (equivalent to approximately HK$124,886,000) as estimated by APAC Asset Valuation and Consulting Limited over their carrying amounts of RM65,967,000 (equivalent to approximately HK$122,039,000).

The amounts of fair values of the identifiable assets and liabilities of Yong Tai are subject to change upon the completion of the valuation of the fair values of the identifiable assets and liabilities of Yong Tai and exchange rate on the date of completion of the Subscription. Consequently, the carrying amount of the interest in an associate and the share of result of the associate for subsequent periods will likely result in different amounts than those stated in this unaudited pro forma financial information.

(ii) Pursuant to the Subscription Agreement, Yong Tai will complete the PTSI SPA (as defined in this Circular). Upon the completion of PTSI SPA, Yong Tai will settle certain amounts due to its related parties and an independent third party with aggregate amounts of RM43,829,000 (equivalent to approximately HK$81,084,000) by issuance of 54,786,000 new ordinary shares of Yong Tai at an issue price of RM0.80 each in the sum of RM43,829,000 (equivalent to approximately HK$81,084,000).

3. The adjustment relates to the recognition of the subscription cost for 200,000,000 ICPS ("**Subscription ICPS Transaction**"). Pursuant to the Subscription Agreement, the Subscriber will subscribe 200,000,000 ICPS at an issue price of RM0.80 each in the sum of RM160,000,000 (equivalent to approximately HK$296,000,000) ("**Subscription ICPS Consideration**"), which will be payable in cash upon completion. The ICPS is convertible at the option of the ICPS holder from time to time after the 3rd anniversary of the date of issue and up to the maturity date (i.e. 10th anniversary of the date of issue of the ICPS). All issued ICPS that remains outstanding after the maturity date will be automatically converted into ordinary shares of Yong Tai.

   Since the Group has no intention to convert the ICPS into ordinary shares of Yong Tai until the maturity date, the investment in ICPS will be accounted for as available-for-sale investments in the consolidated financial statements of the Group and measured at fair value at each period end date with unrealised gains or losses recognised as other comprehensive income in the available-for-sale investment revaluation reserve within equity until the investment is derecognised or impaired.

   Unrealised losses arising from the Subscription ICPS Transaction as if the Subscription ICPS Transaction had been completed as at 31 December 2015 are calculated as follows:

	RM'000	*HK$'000*
Subscription ICPS Consideration	160,000	296,000
Less: Fair value of ICPS as at 31 December 2015	(106,200)	(196,470)
Unrealised losses recognised as other comprehensive income arising from Subscription ICPS Transactions	53,800	99,530

   The fair value of ICPS as at 31 December 2015 is estimated with reference to a valuation report prepared by APAC.

4. The adjustment relates to the recognition of the estimated acquisition-related costs (including advisory, legal and accounting fees) of approximately HK$1,893,000 which will be expensed in the profit or loss of the Group as incurred. The adjustment will not have continuing effect on the consolidated financial statements of the Group in subsequent year.

5. The adjustment relates to the recognition of the net proceeds of approximately HK$580,000,000 from the issuance of placing shares ("**Placing Shares**"). In May 2016, the Company and the placing agents entered into a placing agreement whereby the Company agreed to place aggregate maximum of up to 6,000,000,000 Placing Shares at a price of HK$0.097 per Placing Share to finance the Subscription. For the purpose of the unaudited pro forma financial information, the Directors have assumed that the Placing Shares were issued as of 31 December 2015. This adjustment is non-recurring in nature.

6. The Directors assume that the exchange rate of HK$ against RM used in the unaudited pro forma financial information was RM1 to HK$1.85. No representation is made that RM amounts have been, could have been or could be converted into HK$, or vice versa, at that rate or at any other rates or at all.

MAZARS

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INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION

26 July 2016

The Directors
Sino Haijing Holdings Limited
Suites 3701-10, 37/F,
Jardine House
1 Connaught Place
Central, Hong Kong

Dear Sirs,

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Sino Haijing Holdings Limited (the "**Company**") and its subsidiaries (hereinafter collectively referred to as the "**Group**") prepared by the directors of the Company (the "**Directors**") for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma consolidated statement of financial position as at 31 December 2015 and related notes as set out on pages III-1 to III-5 of the circular in connection with the proposed subscription for 150,000,000 new ordinary shares of Yong Tai Berhad ("**Yong Tai**") ("**Subscription Shares**") and 200,000,000 irredeemable convertible preference shares ("**ICPS**") at the issue price of Malaysian Ringgit ("**RM**") 0.80 (equivalent to approximately HK$1.48) per Subscription Shares and ICPS respectively (the "**Subscription**") dated 26 July 2016 (the "**Circular**"). The applicable criteria on the basis of which the Directors have compiled the unaudited pro forma financial information are described on pages III-1 to III-5 of the Circular.

The unaudited pro forma financial information has been compiled by the Directors to illustrate the impact of the Subscription on the Group's assets and liabilities as at 31 December 2015 as if the Subscription had taken place on 31 December 2015. As part of this process, the audited consolidated statement of financial position of the Group as at 31 December 2015 has been extracted by the Directors from the consolidated financial statements of the Company for the year ended 31 December 2015, on which an audit report has been published.

Directors' Responsibility for the Unaudited Pro Forma Financial Information

The Directors are responsible for compiling the unaudited pro forma financial information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and with reference to Accounting Guideline 7 "*Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars*" ("**AG 7**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**").

Reporting Accountants' Independence and Quality Control

We have complied with the independence and other ethical requirements of the "*Code of Ethics for Professional Accountants*" issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

We apply Hong Kong Standard of Quality Control 1 "*Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements*" issued by the HKICPA and accordingly maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountants' Responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the unaudited pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the unaudited pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagement 3420 "*Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus*" issued by the HKICPA. This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the unaudited pro forma financial information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

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

The purpose of unaudited pro forma financial information included in the Circular is solely to illustrate the impact of the significant event or transaction on the unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction at 31 December 2015 would have been as presented.

A reasonable assurance engagement to report on whether the unaudited pro forma financial information has been properly compiled, in all material respects, on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the unaudited pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

– the related unaudited pro forma adjustments give appropriate effect to those criteria; and

– the unaudited pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgment, having regard to the reporting accountants' understanding of the nature of the Group, the event or transaction in respect of which the unaudited pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the unaudited pro forma financial information.

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

Opinion

In our opinion:

(a) the unaudited pro forma financial information has been properly compiled by the Directors on the basis stated;

(b) such basis is consistent with the accounting policies of the Group; and

(c) the adjustments are appropriate for the purposes of the unaudited pro forma financial information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Mazars CPA Limited
Certified Public Accountants
Hong Kong

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS

Interests of Directors and chief Executive

As at the Latest Practicable Date, none of the Directors or the chief executive of the Company nor their respective associates had any interest or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (b) pursuant to section 352 of SFO, to be entered in the register referred to therein; or (c) notified to the Company and the Stock Exchange pursuant to the Model Code.

Interest of Substantial Shareholders

As at the Latest Practicable Date, so far as is known to the Directors of the Company, the following, not being a Director or the chief executive of the Company, have an interest or a short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO and are recorded in the register kept by the Company under section 336 of the SFO:

Long Positions in the Shares

Name	Nature of interests	Number of shares	Approximate percentage of the issued share capital of the Company %
Quantum China Asset Management Limited	Investment manager	198,000,000	5.52
Dragon Ocean Development Limited	Beneficial owner	830,792,040	23.14
Mr. Wu Qiaofeng	Interest in controlled corporation	830,792,040 *(Note)*	23.14

Note: Mr. Wu Qiaofeng held 100% of the issued share capital of Dragon Ocean Development Limited. Mr. Wu Qiaofeng is therefore deemed under the SFO to be interested in 830,792,040 shares.

3. COMPETING INTEREST

As at the Latest Practicable Date, so far as the Directors are aware, none of the Directors or their respective close associates had any interest in a business which competes or may compete, either directly or indirectly, with the business of the Group, or have or may have any other conflicts of interest with the Group.

4. DIRECTORS' SERVICE CONTRACTS

None of the Directors had entered or been proposed to enter into any service contract with the Company or any other member of the Group which is not determinable by the Group within one year without payment of compensation (other than statutory compensation) as at the Latest Practicable Date.

5. DIRECTORS' INTERESTS IN CONTRACTS AND ASSETS

As at the Latest Practicable Date, none of the Directors were materially interested in any contract or arrangement entered into by any member of the Group which was subsisting as at the Latest Practicable Date and which was significant in relation to the business of the Group. As at the Latest Practicable Date, save as disclosed in this circular, none of the Directors had any interest, directly or indirectly, in any assets which have been, since 31 December 2015 (being the date to which the latest published audited consolidated accounts of the Company were made up), acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group.

6. MATERIAL CONTRACTS

The following contracts (not being contracts entered into in the ordinary course of business) have been entered into by the members of the Group within the two years immediately preceding the date of this circular and are or may be material:

(i) the placing agreement dated 17 April 2015 entered between the Company's wholly-owned subsidiary, Equal Smart Global Limited as issuer and CNI Securities Group Limited as placing agent in relation to the placing of 8% coupon secured and unlisted notes (the "**Notes**") in an aggregate principal amount of up to HK$280 million. The said placing of Notes had been completed on 21 April 2015.

(ii) the provisional agreement and the formal agreement both dated 11 May 2015 (as amended by supplemental agreements dated 29 July 2015 and 27 August 2015) entered into between the Company's wholly-owned subsidiary, Noble Elite Global Limited as purchaser and Corporate Fame Limited as vendor for the sale and purchase of the entire issued share capital of Anyone Holdings Limited (which is the owner of a commercial property in Hong Kong) at the consideration of HK$52,000,000. Such agreements were lapsed on 30 September 2015 and the acquisition had not proceeded to completion.

(iii) the placing agreement dated 11 May 2015 entered by the Company in relation to the placing of 49,860,000 new Shares under general mandate at the placing price of HK$1.268 per Share to not less than six independent third parties. The net proceeds from this placing was HK$61.23 million. Approximately HK$4.8 million has been used as intended and the remaining balance is reserved for the intended use. The said placing had been completed on 21 May 2015.

(iv) the placing agreement dated 27 July 2015 entered between the Company and a placing agent, Kingston Securities Limited, in relation to which the Company has conditionally agreed to place through the placing agent, on a best effort basis, up to 59,830,000 Shares at the placing price of HK$1.5 per Share to not fewer than six placees who and whose beneficial owners shall be independent third parties. The transaction was completed on 12 August 2015.

(v) the letter of intent (the "**Letter of Intent**") dated 28 August 2015 (as amended by a side letter dated 25 November 2015) entered between the Company and two independent third parties, Honghu Group Limited and Express Focus Group Limited, in relation to a proposed acquisition of 51% equity interest of East Favor Global Investment Limited, which through its indirectly wholly-owned PRC subsidiaries, is principally engaged in the business of manufacturing photovoltaic power generation system, and the construction, operation and management of photovoltaic power plants in the PRC, at a consideration of HK$130 million. A refundable deposit of HK$50 million was paid upon signing the Letter of Intent. The Letter of Intent was lapsed on 24 February 2016 and the deposit of HK$50 million has been refunded to the Company.

(vi) the letter of intent dated 15 January 2016 entered into between the Company as purchaser and an independent third party as vendor for the acquisition of 95% of the issued share capital of Incola Travel Limited at the consideration not exceeding HK$5,700,000. A refundable deposit of HK$500,000 was paid by the Company to the vendor upon signing of the letter of intent.

(vii) the sale and purchase agreement dated 23 January 2016 entered between the Company's wholly-owned subsidiary, World Spark Holdings Limited as purchaser and Cherry Square Limited as vendor in relation to the acquisition of 85% of the issued share capital of Master Race Limited at the consideration of HK$135,000,000. The acquisition was completed on 24 March 2016.

(viii) the sale and purchase agreement dated 8 April 2016 entered between Jumbo Venus Limited and the Company's wholly-owned subsidiary, Click Smart Limited in relation to the acquisition of 80% of the issued share capital of Golden Truth Enterprises Limited at the consideration of HK$138,000,000. The acquisition was completed on 12 July 2016.

(ix) the Subscription Agreement.

(x) the Placing Agreement.

MATERIAL ADVERSE CHANGE

7. LITIGATION

As at the Latest Practicable Date, neither the Company nor any of its subsidiaries were engaged in any litigation, arbitration or claim of material importance and no litigation, arbitration or claim of material importance was known to the Directors to be pending or threatened by or against any member of the Enlarged Group.

8. EXPERTS

The following are the qualifications of the experts who have given an opinion or advice contained in this circular:

Name	Qualification
APAC Asset Valuation and Consulting Limited	Independent Valuer
Mazars CPA Limited	Certified public accountants
Chanceton Capital Partners Limited	A licenced corporation to carry out type 6 (advising on corporate finance) regulated activity under the SFO

As at the Latest Practicable Date, APAC Asset Valuation and Consulting Limited, Mazars CPA Limited and Chanceton Capital Partners Limited were not interested beneficially or non-beneficially in any shares in the Company or any of its subsidiaries or any right or option (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

Each of APAC Asset Valuation and Consulting Limited, Mazars CPA Limited and Chanceton Capital Partners Limited has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter and/or report and/or reference to its name in the form and context in which it respectively appears.

9. GENERAL

(a) The registered office of the Company is situated at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands.

(b) The head office and principal place of business in Hong Kong of the Company is situated at Suites 3701-10, 37th Floor, Jardine House, 1 Connaught Place Central, Hong Kong.

(c) The branch share registrar of the Company in Hong Kong is Tricor Tengis Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong.

(d) The company secretary of the Company is Mr. Tsui Siu Hung Raymond ("**Mr. Tsui**"), who was appointed on 30 December 2015. Mr. Tsui was admitted as a fellow member of the Association of the Chartered Certified Accountants in March 2008 and a fellow member of the HKICPA in June 2010.

(e) In the event of inconsistency, the English text of this circular shall prevail over the Chinese text thereof.

10. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection during normal business hours on Business Days at the office of the Company at Suites 3701-10, 37th Floor, Jardine House, 1 Connaught Place Central, Hong Kong from the date of this circular up to and including the date of the EGM:

(a) the memorandum of association and articles of association of the Company;

(b) the material contracts referred to in the paragraph headed "Material contracts" in this Appendix;

(c) the written consents of experts referred to in the paragraph headed "Experts" in this Appendix;

(d) the letter from Mazars CPA Limited in respect of the unaudited pro forma financial information of the Group, the text of which is set out in Appendix III to this circular;

(e) the annual reports of the Group for the three financial years ended 31 December 2013, 31 December 2014, and 31 December 2015; and

(f) this circular.

Sino Haijing Holdings Limited
中國海景控股有限公司

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 1106)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the "**EGM**") of Sino Haijing Holdings Limited (the "**Company**") will be held at Suites 3701-10, 37th Floor, Jardine House, 1 Connaught Place, Central, Hong Kong on Friday, 12 August 2016 at 10:00 a.m. for the purpose of considering, and if thought fit, passing the following resolution as ordinary resolutions:

ORDINARY RESOLUTIONS

1. "**THAT**:

(i) a subscription agreement dated 4 February 2016 with an addendum dated 20 July 2016 (together, the "**Subscription Agreement**") (a copy of the Subscription Agreement has been produced to the Meeting and marked "A", and initialed by the chairman of the Meeting for the purpose of identification) entered into between Impression Culture Asia Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Company, as the subscriber, and Yong Tai Berhad ("**YTB**"), a company incorporated and domiciled in Malaysia and listed on the Main Market of Bursa Malaysia Securities Berhad, as the issuer, in relation to the subscription of 150,000,000 new ordinary shares of YTB and 200,000,000 irredeemable convertible preference shares and the transactions contemplated thereunder or incidental to the Subscription Agreement be and are hereby approved, ratified and confirmed; and

(ii) any Director be and is hereby authorised for and on behalf of the Company to sign and execute all such documents, instruments, agreements or deeds and to implement and take all steps and to do all acts or things deemed by the Director in his/her absolute discretion to be necessary or desirable to give effect and/or to complete or in connection with the transactions contemplated by the Subscription Agreement (including, without limitation to, the execution, amendment, supplement, delivery, submission and implementation of any further documents or agreements amending the terms of the Subscription Agreement)."

2. "**THAT**:

(i) the conditional placing agreement (the "**Placing Agreement**") entered into between the Company as issuer and Kingston Securities Limited, China Galaxy International Securities (Hong Kong) Co., Limited, Southwest Securities (HK) Brokerage Limited and CLC Securities Limited as the placing agents dated 19 May 2016 in relation to the placing of up to 6,000,000,000 new ordinary shares of HK$0.0125 each of the Company (the "**Placing Shares**") at a price of HK$0.10 per Placing Share on a best effort basis (a copy of the Placing Agreement has been produced to the Meeting and marked "B", and initialed by the chairman of the Meeting for the purpose of identification) and all the transactions contemplated thereunder (including the allotment and issue of the Placing Shares pursuant thereto) be and are hereby approved, confirmed and ratified;

(ii) the directors of the Company (the "**Director**") be and are hereby specifically authorised to allot and issue the Placing Shares in accordance with the terms of the Placing Agreement; and

(iii) any Director be and is hereby authorised to do all such further acts and things, negotiate, approve, agree, sign, initial, ratify and/or execute such further documents, instruments and agreements (whether under common seal or not) and to take all steps and to do all such acts or things deemed by him/her to be incidental to, ancillary to or in connection with the matters contemplated in the Placing Agreement and the transactions contemplated thereunder (including the allotment and issue of the Placing Shares pursuant thereto) as he/she may in his/her absolute discretion consider necessary or desirable."

By order of the Board
Sino Haijing Holdings Limited
Li Zhenzhen
Chairman

Hong Kong, 26 July 2016

As at the date of this notice, the Board comprises of Ms. Li Zhenzhen, Mr. Lam Chi Keung, Mr. Lam Wai Hung, Ms. Hu Jianping and Mr. Wang Xin as executive Directors; Mr. Wei Liyi as the non-executive Director; Mr. Pang Hong, Mr. Lee Tao Wai and Mr. Lam Hoi Lun as the independent non-executive Directors.