

Unless otherwise stated, all terms and abbreviations contained in this Abridged Prospectus are defined in the Definitions section of this Abridged Prospectus.

**THIS ABRIDGED PROSPECTUS IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. IF YOU ARE IN ANY DOUBT AS TO THE ACTION YOU SHOULD TAKE, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISER IMMEDIATELY.** Should you wish to sell or transfer all or part of your entitlement to the Provisional Rights Shares with Warrants, you may do so through your stockbroker without first having to request us for a split of the Provisional Rights Shares with Warrants standing to the credit of your CDS Account. All enquiries concerning the Rights Issue with Warrants should be addressed to our Share Registrar, **ShareWorks Sdn Bhd**, at 2-1, Jalan Sri Hartamas 8, Sri Hartamas, 50480 Kuala Lumpur, Wilayah Persekutuan (KL) (Tel: +603 6201 1120 Fax: +603 6201 3121 / 6201 5959).

This Abridged Prospectus together with the NPA and RSF (collectively, the "**Documents**") are only to be despatched to our Shareholders whose names appear in our Record of Depositors as at 5.00 p.m. on 23 October 2014 at their registered address in Malaysia or who have provided our Share Registrar with a registered address in Malaysia in writing by 5.00 p.m. on 23 October 2014. The Documents are not intended to (and will not be made to) comply with the laws of any country or jurisdiction other than Malaysia, are not intended to be (and will not be) issued, circulated or distributed in any countries or jurisdictions other than Malaysia and no action has been or will be taken to ensure that the Rights Issue with Warrants complies with the laws of any country or jurisdiction other than the laws of Malaysia. Entitled Shareholders and / or their transferee(s) and / or their renounee(s) (if applicable) who are residents in countries or jurisdictions other than Malaysia should therefore immediately consult their legal advisers and other professional advisers as to whether the acceptance or renunciation (as the case may be) of their entitlements to all or any part of the Rights Shares with Warrants, application for Excess Rights Shares with Warrants, or the subscription, offer, sale, resale, pledge or other transfer of the Rights Shares and Warrants would result in the contravention of any law of such countries or jurisdictions. We, AmInvestment Bank, Newfields and / or other experts shall not accept any responsibility or liability in the event that any acceptance and / or renunciation (as the case may be) of entitlement to the Rights Shares with Warrants, application for Excess Rights Shares with Warrants or the subscription, offer, sale, resale, pledge or other transfer of the Rights Shares with Warrants made by any Entitled Shareholders and / or their transferee(s) and / or their renounee(s) (if applicable) is or shall become illegal, unenforceable, voidable or void in such countries or jurisdictions in which the Entitled Shareholders and / or their transferee(s) and / or their renounee(s) (if applicable) are residents.

A copy of this Abridged Prospectus has been registered with the SC. The registration of this Abridged Prospectus should not be taken to indicate that the SC recommends the Rights Issue with Warrants or assumes responsibility for the correctness of any statement made or opinion or report expressed in this Abridged Prospectus. The SC has not, in any way, considered the merits of the securities being offered for investment. A copy of the Documents has also been lodged with the ROC who takes no responsibility for the contents of the Documents.

Approval for, amongst others, the Rights Issue with Warrants has been obtained from our Shareholders at our EGM convened on 11 April 2014. Approval has been obtained from Bursa Securities via its letter dated 28 February 2014 for, amongst others, the admission of the Warrants to the Official List of Bursa Securities and the listing of and quotation for the Rights Shares, Warrants and the new Shares to be issued arising from the exercise of the Warrants on the Main Market of Bursa Securities. However, this is not an indication that Bursa Securities recommends the Rights Issue with Warrants. The admission of the Warrants to the Official List of Bursa Securities and the listing of and quotation for the Rights Shares, Warrants and the new Shares to be issued arising from the exercise of the Warrants on the Main Market of Bursa Securities are in no way reflective of the merits of the Rights Issue with Warrants. Bursa Securities does not take any responsibility for the correctness of any statement made or opinion expressed in this Abridged Prospectus. The admission of the Warrants to the Official List of Bursa Securities and the listing of and quotation for the Rights Shares and Warrants will commence after, among others, receipt of confirmation from Bursa Depository that all the CDS Accounts of successful Entitled Shareholders and / or their transferee(s) and / or their renounee(s) (if applicable) have been duly credited and notices of allotment have been despatched to them.

Our Directors have seen and approved the Documents and they collectively and individually accept full responsibility for the accuracy of the information given and confirm that, after having made all reasonable inquiries, and to the best of their knowledge and belief, there are no false or misleading statements or other facts which if omitted would make the statements in the Documents false or misleading.

AmInvestment Bank and Newfields, being the Principal Adviser and Financial Adviser for the Rights Issue with Warrants respectively, acknowledge that, based on all available information, and to the best of their knowledge and belief, this Abridged Prospectus constitutes a full and true disclosure of all material facts concerning the Rights Issue with Warrants.

**FOR INFORMATION CONCERNING CERTAIN RISK FACTORS WHICH SHOULD BE CONSIDERED BY PROSPECTIVE INVESTORS, SEE "RISK FACTORS" AS SET OUT IN SECTION 6 OF THIS ABRIDGED PROSPECTUS.**



## Y&G CORPORATION BERHAD

(Company No. 6403-X)  
(Incorporated in Malaysia under the Companies Act, 1965)

**RENOUNCEABLE RIGHTS ISSUE OF UP TO 30,773,800 NEW ORDINARY SHARES OF RM1.00 EACH IN Y&G CORPORATION BHD ("Y&G SHARE(S)") ("RIGHTS SHARE(S)") TOGETHER WITH UP TO 15,386,900 FREE DETACHABLE WARRANTS ("WARRANT(S)") AT AN ISSUE PRICE OF RM1.00 PER RIGHTS SHARE ON THE BASIS OF TWO (2) RIGHTS SHARES TOGETHER WITH ONE (1) WARRANT FOR EVERY TEN (10) EXISTING Y&G SHARES HELD AS AT 5.00 P.M. ON 23 OCTOBER 2014**

Principal Adviser



**AmInvestment Bank**

**AmInvestment Bank Berhad**  
(Company No. 23742-V)

(A Participating Organisation of Bursa Malaysia Securities Berhad)

Financial Adviser



**Newfields Advisors Sdn Bhd**  
(Company No.: 296051-V)

### IMPORTANT RELEVANT DATES AND TIME

Entitlement date : Thursday, 23 October 2014 at 5.00 p.m.

#### Last date and time for:

Sale of Provisional Rights Shares with Warrants : Thursday, 30 October 2014 at 5.00 p.m.

Transfer of Provisional Rights Shares with Warrants : Tuesday, 4 November 2014 at 4.00 p.m.

Acceptance and payment : Friday, 7 November 2014 at 5.00 p.m.\*

Excess Rights Shares with Warrants Application and payment : Friday, 7 November 2014 at 5.00 p.m.\*

\* or such later date and time as our Board, Principal Adviser and Financial Adviser may mutually decide and announce not less than two (2) Market Days before the stipulated date and time.

**This Abridged Prospectus is dated 23 October 2014**

**ALL TERMS USED ARE AS DEFINED IN THE "DEFINITIONS" SECTION OF THIS ABRIDGED PROSPECTUS.**

**THE SC AND BURSA SECURITIES SHALL NOT BE LIABLE FOR ANY NON-DISCLOSURE ON OUR PART AND TAKES NO RESPONSIBILITY FOR THE CONTENTS OF THIS ABRIDGED PROSPECTUS, MAKES NO REPRESENTATION AS TO ITS ACCURACY OR COMPLETENESS, AND EXPRESSLY DISCLAIMS ANY LIABILITY FOR ANY LOSS YOU MAY SUFFER ARISING FROM OR IN RELIANCE UPON THE WHOLE OR ANY PART OF THE CONTENTS OF THIS ABRIDGED PROSPECTUS.**

**SHAREHOLDERS / INVESTORS SHOULD RELY ON YOUR OWN EVALUATION TO ASSESS THE MERITS AND RISKS OF THE RIGHTS ISSUE WITH WARRANTS AND ANY INVESTMENT IN OUR COMPANY. IN CONSIDERING THE RIGHTS ISSUE WITH WARRANTS, IF YOU ARE IN ANY DOUBT AS TO THE ACTION TO BE TAKEN, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISER IMMEDIATELY.**

**THE VALUATION UTILISED FOR THE PURPOSE OF THE KESAS LAND ACQUISITION SHOULD NOT BE CONSTRUED AS AN ENDORSEMENT BY THE SC ON THE VALUE OF THE KESAS LAND.**

**INVESTORS ARE ADVISED TO NOTE THAT RECOURSE FOR FALSE AND MISLEADING STATEMENTS OR ACTS MADE IN CONNECTION WITH THIS ABRIDGED PROSPECTUS ARE DIRECTLY AVAILABLE THROUGH SECTIONS 248, 249 AND 357 OF THE CMSA.**

**SECURITIES LISTED ON BURSA SECURITIES ARE OFFERED TO THE PUBLIC PREMISED ON FULL AND ACCURATE DISCLOSURE OF ALL MATERIAL INFORMATION CONCERNING THE RIGHTS ISSUE WITH WARRANTS FOR WHICH ANY OF THE PERSONS SET OUT IN SECTION 236 OF THE CMSA, E.G. DIRECTORS AND ADVISERS, ARE RESPONSIBLE.**

**THE DISTRIBUTION OF THE DOCUMENTS ARE SUBJECT TO MALAYSIAN LAWS. WE AND OUR ADVISERS ARE NOT RESPONSIBLE FOR THE DISTRIBUTION OF THE DOCUMENTS OUTSIDE OF MALAYSIA. WE AND OUR ADVISERS HAVE NOT TAKEN ANY ACTION TO PERMIT AN OFFERING OF OUR SECURITIES BASED ON THE DOCUMENTS OR THE DISTRIBUTION OF THE DOCUMENTS OUTSIDE OF MALAYSIA. THE DOCUMENTS MAY NOT BE USED FOR AN OFFER TO SELL OR ISSUE, OR AN INVITATION TO BUY OR SUBSCRIBE FOR, OUR SECURITIES IN ANY COUNTRY OR JURISDICTION OTHER THAN MALAYSIA. WE AND OUR ADVISERS REQUIRE YOU TO INFORM YOURSELF OF AND TO OBSERVE SUCH RESTRICTIONS.**

**THE DELIVERY OF THESE DOCUMENTS SHALL NOT, UNDER ANY CIRCUMSTANCES, CONSTITUTE A REPRESENTATION OR CREATE ANY IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE AFFAIRS OF OUR GROUP SINCE THE DATES HEREOF.**

**THE DOCUMENTS HAVE BEEN PREPARED AND PUBLISHED SOLELY FOR THE RIGHTS ISSUE WITH WARRANTS UNDER THE LAWS OF MALAYSIA. WE AND OUR ADVISERS HAVE NOT AUTHORISED ANYONE TO PROVIDE YOU WITH INFORMATION WHICH IS NOT CONTAINED IN THE DOCUMENTS.**

**DEFINITIONS**

Except where the context otherwise requires, the following definitions shall apply throughout this Abridged Prospectus:-

<b>Abridged Prospectus</b>	:	This Abridged Prospectus issued by Y&G dated 23 October 2014
<b>Acquiree Companies</b>	:	Collectively, MRSB, KKSB and FDSB
<b>Acquisitions</b>	:	Collectively, KESAS Land Acquisition and Related Party Acquisitions
<b>Act</b>	:	Companies Act, 1965 and any amendments made thereto from time to time and includes any re-enactment thereof
<b>AmInvestment Bank or Principal Adviser</b>	:	AmInvestment Bank Berhad
<b>BLR</b>	:	Base Lending Rate
<b>BNM</b>	:	Bank Negara Malaysia
<b>Board or Directors</b>	:	Board of Directors
<b>Bursa Depository</b>	:	Bursa Malaysia Depository Sdn Bhd
<b>Bursa Securities</b>	:	Bursa Malaysia Securities Berhad
<b>CDS</b>	:	Central Depository System, the system established and operated by Bursa Depository for the central handling of securities deposited with Bursa Depository
<b>CDS Account(s)</b>	:	Securities account(s) established by Bursa Depository for a depositor pursuant to the Securities Industry (Central Depositories) Act, 1991 and the rules of Bursa Depository for the recording of deposits or withdrawal of securities and dealings in such securities by the depositor
<b>Closing Date</b>	:	7 November 2014 at 5.00 p.m., being the last date and time for the acceptance and payment for the Rights Shares with Warrants and Excess Rights Shares with Warrants Applications or such later date and time as our Board, Principal Adviser and Financial Adviser may mutually decide and announce not less than two (2) Market Days before the stipulated date and time
<b>CMSA</b>	:	Capital Markets and Services Act 2007, as amended from time to time and any re-enactment thereof
<b>Code</b>	:	Malaysian Code on Take-Overs and Mergers, 2010 as amended from time to time
<b>Corporate Exercises</b>	:	Collectively, the Acquisitions, Rights Issue with Warrants, Free Warrants, Private Placement with Warrants, and M&A Amendments
<b>Deed Poll</b>	:	The deed poll dated 8 October 2014 constituting the Warrants

**DEFINITIONS (CONT'D)**

<b>Development Lands</b>	:	Collectively, KESAS Land, Kapar Land, Kemuning Land and Seri Kembangan Land
<b>DIBS</b>	:	Developer interest bearing schemes
<b>Documents</b>	:	Collectively, the Abridged Prospectus, NPA and RSF
<b>EBITDA</b>	:	Earnings before interest, tax, depreciation and amortisation
<b>Effective Date</b>	:	The day upon all the conditions precedent of the KESAS Land Acquisition are fulfilled
<b>EGM</b>	:	Extraordinary General Meeting
<b>ELB</b>	:	Estate Land Board
<b>Entitled Shareholders</b>	:	Shareholders whose names appear in our Record of Depositors as at the Entitlement Date
<b>Entitlement Date</b>	:	5.00 p.m. on 23 October 2014, being the date and time at which our Shareholders must be registered in our Record of Depositors in order to be entitled to participate in the Rights Issue with Warrants and Free Warrants (where applicable)
<b>EPS</b>	:	Earnings per Share
<b>EPU</b>	:	Economic Planning Unit, Prime Minister's Department
<b>EPU Approval</b>	:	The attainment by HKDSB of the approval from the EPU for the KESAS Land Acquisition
<b>Estate Land Board Approval</b>	:	The attainment by MARDI of the approval of the ELB for the transfer of the KESAS Land in favour of the HKDSB pursuant to Section 214A of the National Land Code 1965
<b>Excess Rights Shares with Warrants</b>	:	Rights Shares with Warrants which are not taken up or not validly taken up by the Entitled Shareholders and / or their transferee(s) and / or their renounee(s) (if applicable) prior to the Closing Date
<b>Excess Rights Shares with Warrants Application(s)</b>	:	Application(s) for additional Rights Shares with Warrants in excess of the Provisional Rights Shares with Warrants as set out in Section 10.6 of this Abridged Prospectus
<b>Exercising Warrant Holders</b>	:	Warrant Holders who exercise their Warrants
<b>FDSB</b>	:	Fortuneprop Development Sdn Bhd
<b>FDSB Acquisition</b>	:	Acquisition of 50.0% of the equity interest in FDSB for a purchase consideration of RM6,722,000 to be satisfied via the issuance of 6,722,000 ICPS together with 3,361,000 Warrants. The FDSB Acquisition is currently pending completion and is expected to be completed by fourth (4th) quarter of 2014

**DEFINITIONS (CONT'D)**

<b>Foreign-Addressed Shareholders</b>	:	Shareholders who have not provided an address in Malaysia for the service of Documents which will be issued in connection with the Rights Issue with Warrants
<b>FPE</b>	:	Financial period ended / ending
<b>Free Warrants</b>	:	Issue of 15,386,900 Warrants to the Entitled Shareholders on the basis of one (1) Warrant for every ten (10) existing Shares held as at Entitlement Date
<b>Full Subscription Level</b>	:	Assuming all the 30,773,800 Rights Shares together with 15,386,900 Warrants are fully taken-up
<b>FYE</b>	:	Financial year(s) ended / ending
<b>GDP</b>	:	Gross Domestic Product
<b>GDV</b>	:	Gross development value
<b>GP</b>	:	Gross profit
<b>HKDSB or Purchaser</b>	:	Hala Kota Development Sdn Bhd, our wholly-owned subsidiary
<b>ICPS</b>	:	New irredeemable convertible preference shares of RM1.00 each in our Company to be issued by us pursuant to, either or all, of the following:-  (i) MRSB Acquisition; (ii) KKS B Acquisition; and / or (iii) FDS B Acquisition,  and the respective ICPS shall form same class of ICPS. The ICPS will be issued in registered form and constituted by the M&A in accordance with the M&A Amendments
<b>JLW or Valuer</b>	:	Messrs. Jones Lang Wootton, an independent firm registered with the Board of Valuers, Appraisers & Estate Agents Malaysia
<b>Kapar Land</b>	:	The three (3) parcels of land held under Title No Geran 47028 (Lot 6508), Geran 47029 (Lot 6509) and Geran 47030 (Lot 6510), all of which are located within the Mukim of Kapar, District of Klang, Selangor Darul Ehsan
<b>Kemuning Land</b>	:	The development land held under Title No HSM 52147 to HSM 52167 (inclusive) under Lot No PT 141899 to PT 141919 (inclusive), all of which are located within the Mukim and District of Klang, Selangor Darul Ehsan
<b>KESAS</b>	:	Lebuhraya Shah Alam
<b>KESAS Land</b>	:	A leasehold land measuring 107.965 hectares (equivalent to approximately 267 acres), held under HSD 129802, PT 126299, within the Mukim and District of Klang, Selangor Darul Ehsan

**DEFINITIONS (CONT'D)**

<b>KESAS Land Acquisition</b>	:	Acquisition of the KESAS Land for a total cash consideration amounting to RM100.0 million
<b>KESAS Land Development</b>	:	Development of the KESAS Land into a mixed development comprising residential and commercial properties
<b>KESAS Land Purchase Consideration</b>	:	The total cash consideration of RM100.0 million for the KESAS Land Acquisition
<b>KESAS Land VR</b>	:	The valuation report dated 13 September 2013 as supplemented by the updated valuation letter dated 20 June 2014 prepared by JLW on the KESAS Land
<b>Kinta Aroma</b>	:	Kinta Aroma Sdn Bhd
<b>KKSB</b>	:	Kualiti Kinta Sdn Bhd
<b>KKSB Acquisition</b>	:	Acquisition of 100.0% of the equity interest in KKSB and the settlement of the amount owing by KKSB and its subsidiary to Dato' Yap Jun Jien for a total consideration of RM7,940,808 to be satisfied via the issuance of 7,690,810 ICPS together with 3,845,405 Warrants and cash consideration of RM249,998. The KKSB Acquisition is currently pending completion and is expected to be completed by fourth (4th) quarter of 2014
<b>km</b>	:	Kilometres
<b>Listing Requirements</b>	:	Main Market Listing Requirements of Bursa Securities as amended from time to time
<b>LPD</b>	:	30 September 2014, being the latest practicable date prior to the printing of this Abridged Prospectus
<b>M&amp;A</b>	:	Memorandum and Articles of Association of Y&G
<b>M&amp;A Amendments</b>	:	Amendments to the M&A to facilitate the issuance of the ICPS pursuant to the Related Party Acquisitions
<b>Major Shareholders</b>	:	Collectively, Kinta Aroma, Dato' Sri Yap Seng Yew, Datin Sri Gan Li Li, Dato' Yap Jun Jien and Yap Jun Wei
<b>MARDI or Vendor</b>	:	Malaysian Agriculture Research and Development Institute
<b>Market Day</b>	:	A day between Monday and Friday (inclusive) which is not a public holiday and when Bursa Securities is opened for trading in securities
<b>Maximum Scenario</b>	:	Representing a scenario that assumes the Rights Issue with Warrants is fully subscribed by all the Entitled Shareholders
<b>Minimum Scenario</b>	:	Representing a scenario that assumes the Rights Issue with Warrants is undertaken at the Minimum Subscription Level

**DEFINITIONS (CONT'D)**

<b>Minimum Subscription Level</b>	:	Minimum level of subscription for the Rights Issue with Warrants of 26,299,089 Rights Shares together with 13,149,544 Warrants so as to raise, at a minimum, gross proceeds at approximately RM26.3 million
<b>MRSB</b>	:	Magna Rembang Sdn Bhd
<b>MRSB Acquisition</b>	:	Acquisition of 100.0% of the equity interest in MRSB for a total purchase consideration of RM11,403,000 to be satisfied via the issuance of 11,403,000 ICPS together with 5,701,500 Warrants. The MRSB Acquisition is currently pending completion and is expected to be completed by fourth (4th) quarter of 2014
<b>NA</b>	:	Net assets
<b>NBV</b>	:	Net book value
<b>Newfields or Financial Adviser</b>	:	Newfields Advisors Sdn Bhd
<b>NPA</b>	:	Notice of provisional allotment in relation to the Rights Issue with Warrants
<b>Official List</b>	:	A list specifying all securities listed on the Main Market of Bursa Securities
<b>Offer for Sale</b>	:	Offer for sale / placement of such number of existing Y&G Shares held by our Major Shareholders to investors who qualify as public upon the completion of the Corporate Exercises
<b>PAT</b>	:	Profit after tax
<b>PBT</b>	:	Profit before tax
<b>Placement Share(s)</b>	:	New Y&G Shares to be issued pursuant to the Private Placement with Warrants
<b>Price Fixing Date</b>	:	8 October 2014, being the date on which we determined and announced the issue price for the Rights Shares and the Placement Shares, and the exercise price for the Warrants
<b>Private Placement with Warrants</b>	:	Private placement of up to 15,386,900 Placement Shares, representing ten percent (10.0%) of our issued and paid-up share capital together with up to 7,693,450 Warrants at an issue price of RM1.00 per Placement Share on the basis of one (1) Warrant for every two (2) Placement Shares subscribed



**DEFINITIONS (CONT'D)**

<b>Proposed Developments</b>	: Collectively,
	(i) KESAS Land Development;
	(ii) An on-going industrial development comprising forty-six (46) units of double storey semi-detached factories and six (6) units of single storey terraced low-cost factories on the Kapar Land;
	(iii) Joint development of the Kemuning Land into a residential development, comprising twenty (20) units of 3-storey semi-detached houses and six (6) units of terraced medium-cost houses; and
	(iv) Development of the Seri Kembangan Land into a commercial development
<b>Provisional Rights Shares with Warrants</b>	: Rights Shares with Warrants provisionally allotted to the Entitled Shareholders
<b>QE</b>	: Quantitative Easing, an unconventional monetary policy aimed to stimulate an economy in which a central bank purchases government securities or other financial assets from the market in order to lower interest rates and increase the money supply
<b>Record of Depositors</b>	: A record provided by Bursa Depository to the Company under Chapter 24.0 of its rules including any amendments thereof issued by Bursa Depository
<b>Related Party Acquisitions</b>	: Collectively, the MRSB Acquisition, KKSB Acquisition and FDSB Acquisition
<b>Reporting Accountants</b>	: Baker Tilly Monteiro Heng
<b>Required Public Shareholding Spread</b>	: The required public shareholding spread, being at least 25% of a listed issuer's total listed shares (excluding treasury shares) which are in the hands of public shareholders pursuant to Paragraph 8.02 of the Listing Requirements
<b>Rights Issue with Warrants</b>	: Renounceable Rights Issue of up to 30,773,800 Rights Shares together with up to 15,386,900 Warrants at an issue price of RM1.00 per Rights Share on the basis of two (2) Rights Shares together with one (1) Warrant for every ten (10) existing Y&G Shares held as at Entitlement Date
<b>Rights Shares</b>	: Up to 30,773,800 new Y&G Shares to be allotted and issued pursuant to the Rights Issue with Warrants
<b>RM</b>	: Ringgit Malaysia
<b>ROC</b>	: Registrar of Companies or where the context requires, its predecessor. "Registrar" is defined by Section 4(1) of the Act including, its assistant or deputy
<b>RPGT</b>	: Real Property Gains Tax



**DEFINITIONS (CONT'D)**

<b>RSF</b>	:	Rights Subscription Form in relation to the Rights Issue with Warrants
<b>Rules of Bursa Depository</b>	:	The rules of Bursa Depository including the rules in relation to the central depository as described in the SICDA
<b>SA</b>	:	State Authority
<b>SA's Consent</b>	:	The attainment by the Vendor of the requisite consent of the SA to the transfer of the KESAS Land in favour of the Purchaser
<b>SC</b>	:	Securities Commission Malaysia
<b>Seri Kembangan Land</b>	:	Ten (10) pieces of commercial land held under PT No 2908, 2909, 2910, 2911, 2912, 2967, 2968, 2969, 10001 and 10002, all located within Pekan Serdang, District of Petaling, Selangor Darul Ehsan held under Title No HSD 273038, HSD 273039, HSD 273040, HSD 273041, HSD 273042, HSD 277280, HSD 277281, HSD 277282, HSD 280739 and HSD 280740 respectively
<b>Share Registrar</b>	:	ShareWorks Sdn Bhd
<b>SICDA</b>	:	Securities Industry (Central Depositories) Act, 1991 as amended from time to time, including Securities Industry (Central Depositories) Amendment Act, 1998
<b>Shareholders</b>	:	Our shareholders
<b>SPA(s)</b>	:	Sale and purchase agreement(s)
<b>SPNB</b>	:	Syarikat Perumahan Negara Berhad
<b>TERP</b>	:	Theoretical ex-rights price
<b>Undertakings</b>	:	The unconditional and irrevocable written undertakings dated 17 September 2013 provided by the Major Shareholders to fully subscribe for their respective entitlements under the Rights Issue with Warrants
<b>US</b>	:	United States
<b>USD</b>	:	United States Dollar
<b>VWAP</b>	:	Volume-weighted average market price

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**DEFINITIONS (CONT'D)**

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- Warrant(s)** : Free warrants to be issued by our Company pursuant to, either or all, of the following:-
- (i) MRSB Acquisition;
  - (ii) KKSBB Acquisition;
  - (iii) FDSB Acquisition;
  - (iv) Free Warrants;
  - (v) Rights Issue with Warrants; and / or
  - (vi) Private Placement with Warrants,
- and the respective Warrants shall form the same class of Warrants. The Warrants will be issued in registered form and constituted by the Deed Poll
- Warrant Holder(s)** : Any person to be treated by our Company or its agent as the holder(s) of Warrants pursuant to the Deed Poll
- Y&G Share(s) or Share(s)** : Our ordinary share(s) of RM1.00 each

Any references to "**our Company**" or "**Y&G**" in this Abridged Prospectus are to Y&G Corporation Bhd, and references to "**our Group**" or "**Y&G Group**" are to our Company and subsidiaries. References to "**we**", "**us**", "**our**" and "**ourselves**" are to our Company and, where the context otherwise requires, our subsidiaries.

All references to "**you**" in this Abridged Prospectus are to Entitled Shareholders.

Words importing the singular shall, where applicable, include the plural and vice versa and words importing the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa. Reference to persons shall include corporations.

Any reference in this Abridged Prospectus to any enactment is a reference to that enactment as for the time being amended or re-enacted.

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

Any reference to a time of day in this Abridged Prospectus shall be a reference to Malaysian time, unless otherwise stated.

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## CORPORATE DIRECTORY



## Y&amp;G CORPORATION BHD

(Company No. 6403-X)

(Incorporated in Malaysia under the Companies Act, 1965)

## BOARD OF DIRECTORS

Name ( <i>Designation</i> )	Address	Nationality	Profession
Lee Boon Hong @ Lee Boon Keong ( <i>Independent Non - Executive Chairman</i> )	8 Jalan Limau Besar Off Jalan Meru 41050 Klang Selangor Darul Ehsan	Malaysian	Company Director
Dato' Sri Yap Seng Yew ( <i>Managing Director</i> )	No. 10, Lebuah Tamarind Taman Selatan 41200 Klang Selangor Darul Ehsan	Malaysian	Company Director
Datin Sri Gan Li Li ( <i>Deputy Managing Director</i> )	No. 10, Lebuah Tamarind Taman Selatan 41200 Klang Selangor Darul Ehsan	Malaysian	Company Director
Dato' Yap Jun Jien ( <i>Executive Director</i> )	No. 10, Lebuah Tamarind Taman Selatan 41200 Klang Selangor Darul Ehsan	Malaysian	Company Director
Mohd Shafizan Bin Shahbudin ( <i>Independent Non-Executive Director</i> )	No. 10, Jalan Joran Satu 19/24A Seksyen 19 40000 Shah Alam Selangor Darul Ehsan	Malaysian	Advocate & Solicitor
Tan Kak Teck ( <i>Independent Non-Executive Director</i> )	5, Jalan Perisa 11 Bandar Baru Sri Petaling 57000 Kuala Lumpur Wilayah Persekutuan (KL)	Malaysian	Practising Accountant

## AUDIT COMMITTEE

Name	Designation	Directorship
Lee Boon Hong @ Lee Boon Keong	Chairman	Independent Non-Executive Chairman
Mohd Shafizan Bin Shahbudin	Member	Independent Non-Executive Director
Tan Kak Teck	Member	Independent Non-Executive Director

**CORPORATE DIRECTORY (CONT'D)**

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- COMPANY SECRETARY** : Wong Keo Rou (MAICSA No. 7021435)  
2-1, Jalan Sri Hartamas 8  
Sri Hartamas  
50480 Kuala Lumpur  
Wilayah Persekutuan (KL)  
Tel: +603 6201 1120  
Fax: +603 6201 3121 / 6201 5959
- REGISTERED OFFICE** : 2-1, Jalan Sri Hartamas 8  
Sri Hartamas  
50480 Kuala Lumpur  
Wilayah Persekutuan (KL)  
Tel: +603 6201 1120  
Fax: +603 6201 3121 / 6201 5959
- HEAD OFFICE** : Lot G-01, Ground Floor Tower B  
PJ City Development  
15A, Jalan 219, Seksyen 51A  
46100 Petaling Jaya  
Selangor Darul Ehsan  
Tel: +603 7876 1188  
Fax: +603 7874 3788 / 3588  
Email: inquiry@ygcorp.com.my  
Website: www.ygcorp.com.my
- AUDITORS** : T.H. Kuan & Co. (AF 1216)  
Chartered Accountants  
26A, Jalan 21/19, SEA Park  
46300 Petaling Jaya  
Selangor Darul Ehsan  
Tel: +603 7875 8200
- REPORTING ACCOUNTANTS** : Baker Tilly Monteiro Heng (AF 0117)  
Chartered Accountants  
Baker Tilly MH Tower  
Level 10, Tower 1, Avenue 5  
Bangsar South City  
59200 Kuala Lumpur  
Tel: +603 2297 1000
- SOLICITORS FOR THE RIGHTS  
ISSUE WITH WARRANTS** : Jeff Leong, Poon & Wong  
Advocates & Solicitors  
B-11-8, Level 11  
Megan Avenue II  
Jalan Yap Kwan Seng  
50450 Kuala Lumpur  
Tel: +603 2166 3225
- PRINCIPAL BANKERS** : AmBank (M) Berhad  
Level 18, Menara Dion  
Jalan Sultan Ismail  
50250 Kuala Lumpur  
Tel: +603 2026 3939

**CORPORATE DIRECTORY (CONT'D)**

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		Hong Leong Bank Berhad 1G - 3G, Jalan Wawasan 2/10 Bandar Baru Ampang 68000 Ampang Selangor Darul Ehsan Tel: +603 4291 0437
<b>SHARE REGISTRAR</b>	:	ShareWorks Sdn Bhd 2-1, Jalan Sri Hartamas 8 Sri Hartamas 50480 Kuala Lumpur Wilayah Persekutuan (KL) Tel: +603 6201 1120
<b>PRINCIPAL ADVISER</b>	:	AmInvestment Bank Berhad 22 <sup>nd</sup> Floor, Bangunan AmBank Group 55, Jalan Raja Chulan 50200 Kuala Lumpur Tel: +603 2036 2633
<b>FINANCIAL ADVISER</b>	:	Newfields Advisors Sdn Bhd Suite 17.1, Level 17 Menara Weld 76 Jalan Raja Chulan 50200 Kuala Lumpur Tel: + 603 2031 0010
<b>VALUER</b>	:	Jones Lang Wootton 8th Floor, Bangunan Getah Asli (Menara) 148 Jalan Ampang 50450 Kuala Lumpur Tel: +603 2161 2522
<b>STOCK EXCHANGE LISTED</b>	:	Main Market of Bursa Securities





**Y&G CORPORATION BHD**  
(Company No. 6403-X)  
(Incorporated in Malaysia under the Companies Act, 1965)

**Registered Office:**

2-1, Jalan Sri Hartamas 8  
Sri Hartamas  
50480 Kuala Lumpur  
Wilayah Persekutuan (KL)

23 October 2014

**Board of Directors:**

Lee Boon Hong @ Lee Boon Keong	<i>(Independent Non-Executive Chairman)</i>
Dato' Sri Yap Seng Yew	<i>(Managing Director)</i>
Datin Sri Gan Li Li	<i>(Deputy Managing Director)</i>
Dato' Yap Jun Jien	<i>(Executive Director)</i>
Mohd Shafizan Bin Shahbudin	<i>(Independent Non-Executive Director)</i>
Tan Kak Teck	<i>(Independent Non-Executive Director)</i>

**To: Entitled Shareholders**

Dear Sir / Madam,

**RENOUNCEABLE RIGHTS ISSUE OF UP TO 30,773,800 RIGHTS SHARES TOGETHER WITH UP TO 15,386,900 WARRANTS AT AN ISSUE PRICE OF RM1.00 PER RIGHTS SHARE ON THE BASIS OF TWO (2) RIGHTS SHARES TOGETHER WITH ONE (1) WARRANT FOR EVERY TEN (10) EXISTING Y&G SHARES HELD AS AT 5.00 P.M. ON 23 OCTOBER 2014**

**1. INTRODUCTION**

On 17 September 2013, AmInvestment Bank, on behalf of our Board, had announced that we proposed to undertake, amongst other, the Rights Issue with Warrants.

On 28 February 2014, AmInvestment Bank, on behalf of our Board, had announced that Bursa Securities had, vide its letter dated 28 February 2014, granted its approval for *inter alia*:-

- (i) the admission of the Warrants to the Official List of Bursa Securities and listing of and quotation for the Warrants;
- (ii) the listing of and quotation for the Rights Shares; and
- (iii) the listing of and quotation for the new Y&G Shares to be issued arising from the exercise of the Warrants,

on the Main Market of Bursa Securities subject to, amongst others, the following conditions:-

<b>Details of conditions imposed</b>	<b>Status of compliance</b>
(i) Y&G and AmInvestment Bank must fully comply with the relevant provisions under the Listing Requirements pertaining to the implementation of the Rights Issue with Warrants	Met / To be met, where applicable

Details of conditions imposed	Status of compliance
(ii) Y&G and AmInvestment Bank to inform Bursa Securities upon the completion of the Rights Issue with Warrants	To be met
(iii) Y&G and AmInvestment to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the Rights Issue with Warrants is completed	To be met

Our Board is pleased to inform you that our Shareholders had approved, amongst others, the Rights Issue with Warrants at the EGM that was held on 11 April 2014. A certified true extract of the ordinary resolution pertaining to the Rights Issue with Warrants which was passed at the EGM is set out in Appendix I of this Abridged Prospectus.

On 8 October 2014, AmInvestment Bank, on behalf of our Board, had announced that Bursa Securities had, vide its letter dated 7 October 2014, approved an extension of time of six (6) months from 28 August 2014 to 27 February 2015 for the Company to implement, *inter alia*, the Rights Issue with Warrants.

On 8 October 2014, AmInvestment Bank, on behalf of our Board, had announced, amongst others, the following:-

- (i) the Entitlement Date, which had been fixed at 5.00 p.m. on 23 October 2014, and other relevant dates pertaining to the Rights Issue with Warrants;
- (ii) the issue price of the Rights Shares, which had been fixed at RM1.00 per Rights Share; and
- (iii) the exercise price of the Warrants, which had been fixed at RM1.00 per Warrant.

For information purposes, our Board has appointed Newfields as our Company's Financial Adviser for, amongst others, the Rights Issue with Warrants to advise our Company on our fundraising proposal. The fundraising proposal is aimed at raising the necessary funds for our Company's to partially finance the KESAS Land Acquisition or future business expansion of our Group's property development activities. In its capacity as Financial Adviser, Newfields have also assisted our Company in the co-ordination of the work streams with the Principal Adviser and other professional advisers to ensure the timely implementation of the Rights Issue with Warrants.

No person is authorised to give any information or make any representation not contained in the Documents in connection to the Rights Issue with Warrants and if given or made, such information or representation must not be relied upon as having been authorised by us, AmInvestment Bank and / or Newfields in connection with the Rights Issue with Warrants.

**IF YOU ARE IN ANY DOUBT AS TO THE ACTION YOU SHOULD TAKE, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISERS IMMEDIATELY.**

## 2. DETAILS OF THE RIGHTS ISSUE WITH WARRANTS

### 2.1 Particulars of the Rights Issue with Warrants

In accordance with the terms of the Rights Issue with Warrants as approved by the relevant authorities and our Shareholders and subject to the terms of this Abridged Prospectus and the accompanying NPA and RSF, our Company shall provisionally allot up to 30,773,800 Rights Shares together with up to 15,386,900 Warrants to Entitled Shareholders on the basis of two (2) Rights Shares together with one (1) Warrant for every ten (10) existing Shares held as at the Entitlement Date.

As the Rights Shares and Warrants are prescribed securities, the respective CDS Accounts of Entitled Shareholders will be duly credited with the number of Provisional Rights Shares with Warrants which they are entitled to subscribe for in full or in part under the terms of the Rights Issue with Warrants. Entitled Shareholders will find enclosed in this Abridged Prospectus, the NPA notifying Entitled Shareholders of the crediting of such securities into their respective CDS Accounts and the RSF to enable Entitled Shareholders to subscribe for the Provisional Rights Shares with Warrants as well as to apply for Excess Rights Shares with Warrants if Entitled Shareholders choose to do so. However, only Entitled Shareholders who have an address in Malaysia as stated in our Record of Depositors or who have provided our Share Registrar with an address in Malaysia in writing by the Entitlement Date will receive this Abridged Prospectus, together with the NPA and RSF.

Entitled Shareholders who renounce all or any part of their entitlements to the Rights Shares provisionally allotted to them under the Rights Issue with Warrants will simultaneously relinquish their corresponding entitlement to the Warrants. For avoidance of doubt, the Rights Shares and the Warrants cannot be renounced separately. If Entitled Shareholders decide to accept only part of their Rights Share entitlements, they shall be entitled to the Warrants in the proportion of their acceptance of their Rights Share entitlements. The Warrants will be detached from the Rights Shares immediately upon issuance and separately traded on Bursa Securities.

Any dealings in our securities will be subject to, amongst others, the provisions of the SICDA, the Rules of Bursa Depository and any other relevant legislation. Accordingly, the Rights Shares, Warrants and the new Shares to be issued and allotted upon the exercise of the Warrants will be credited directly into the respective CDS Accounts of successful applicants and Exercising Warrant Holders (as the case may be). No physical share certificates or warrant certificates will be issued but notices of allotment will be despatched by ordinary post to the successful applicants and Exercising Warrant Holders (as the case maybe).

Any Rights Shares which are not taken up or not validly taken up by Entitled Shareholders and / or their transferee(s) and / or their renounee(s), if applicable, shall be made available for Excess Rights Shares with Warrants Application. It is the intention of our Board to allot the Excess Rights Shares with Warrants, if any, on a fair and equitable basis and in the following priority:-

- (i) firstly, to minimise the incidence of odd lots;
- (ii) secondly, to enhance our public shareholding spread by allocating Excess Rights Shares with Warrants to Entitled Shareholders, transferee(s) and/or renounee(s) who are deemed public according to fixed allocation bands to be determined later based on the quantum of Excess Rights Shares with Warrants applied for;
- (iii) thirdly, for allocation to Entitled Shareholders who have applied for Excess Rights Shares with Warrants on a pro-rata basis and in board lots, calculated based on their respective shareholdings as at the Entitlement Date; and
- (iv) fourthly, the remaining balance (if any) for allocation to transferee(s) and / or renounee(s) (if applicable), who have applied for Excess Rights Shares with Warrants on a pro-rata basis and in board lots, calculated based on the quantum of Excess Rights Shares with Warrants applied for.

Nevertheless, our Board reserves the right to allot any Excess Rights Shares with Warrants applied for under the RSF in such manner as it deems fit and expedient and in the best interest of our Company subject always to such allocation being made on a fair and equitable basis and that the intention of our Board set out above is achieved. Our Board also reserves the right to accept any Excess Rights Shares with Warrants Application, in full or in part, without assigning any reason. In determining Shareholders' entitlements to the Rights Shares under the Rights Issue with Warrants, fractional entitlements, if any, shall be disregarded and dealt with in such manner as our Board in its absolute discretion deems fit or expedient or in the best interests of our Company.

If you wish to accept the Provisional Rights Shares with Warrants (in full or in part) as specified in the NPA and / or apply for the Excess Rights Shares with Warrants, you may do so by completing the RSF.

Notices of allotment will be despatched by ordinary post to Entitled Shareholders and / or their transferee(s) and / or their renounee(s) (if applicable) within eight (8) Market Days from the last date for acceptance and payment of the Rights Shares with Warrants or such other period as may be prescribed by Bursa Securities.

The Warrants will be admitted to the Official List of Bursa Securities and the listing of and quotation for the Rights Shares and Warrants will commence two (2) Market Days upon the receipt of an application for quotation of the Rights Shares and Warrants by Bursa Securities as specified under the Listing Requirements, which will include *inter alia*, confirmation that all notices of allotment have been despatched to successful applicants, and after receipt of confirmation from Bursa Depository that all CDS Accounts of successful applicants have been duly credited.

The Warrants will be issued at no cost together with the Rights Shares to Entitled Shareholders and / or their transferee(s) and / or their renounee(s) (if applicable), who have successfully subscribed for the Rights Issue with Warrants. Successful applicants who subscribe for two (2) Rights Shares will be entitled to one (1) Warrant, which is exercisable into one (1) new Y&G Share.

Notices of allotment will be despatched by ordinary post to the Exercising Warrant Holders within eight (8) Market Days after the date of receipt of the exercise form together with the requisite payment.

If you do not wish to participate in the Rights Issue with Warrants, you do not need to take any action.

**You should read this Abridged Prospectus in its entirety before making a decision.**

## **2.2 Basis of determining the issue price of the Rights Shares and the exercise price of the Warrants**

### **(i) Rights Shares**

The issue price of RM1.00 per Rights Share was arrived at based on market-based principles (i.e. the then prevailing market conditions and market price of our Shares, amongst others), at a level that is in the best interest of our Company, after taking into consideration the following:-

- (a) the funding requirements of our Group;
- (b) the TERP of the Y&G Shares; and
- (c) the issue price shall not be lower than the par value of the Y&G Shares of RM1.00.

The issue price of the Rights Shares at RM1.00 per Rights Share represents a premium of approximately 16.3% to the TERP of RM0.86 per Y&G Share, calculated based on the five (5)-day VWAP of Y&G Shares up to and including 24 September 2014, being the last trading day immediately preceding the Price Fixing Date, of RM0.83 per Y&G Share.

**(ii) Warrants**

The exercise price of RM1.00 per Warrant was arrived at after taking into consideration, amongst others, the following:-

- (a) the historical price movement of our Shares;
- (b) the potential future earnings of our Group; and
- (c) the exercise price shall not be lower than the par value of the Y&G Shares of RM1.00.

The exercise price of the Warrants at RM1.00 per Warrant represents a premium of approximately 16.3% to the TERP of RM0.86 per Y&G Share, calculated based on the five (5)-day VWAP of Y&G Shares up to and including 24 September 2014, being the last trading day immediately preceding the Price Fixing Date, of RM0.83 per Y&G Share.

Entitled Shareholders and / or their transferee(s) and / or their renounee(s), if applicable, should note that the market price for our Shares is subject to vagaries of market forces and other uncertainties in addition to the risk factors set out in Section 6 of this Abridged Prospectus, which may affect the price of our Shares being traded. Entitled Shareholders and / or their transferee(s) and / or their renounee(s), if applicable, should form their own views on the valuation of the Rights Shares and Warrants before deciding to invest in the Rights Shares with Warrants.

**2.3 Ranking of the Rights Shares and new Shares arising from the exercise of the Warrants**

The Rights Shares shall upon allotment and issue, rank *pari passu* in all respects with each other and with the then existing Y&G Shares, save and except that the Rights Shares shall not be entitled to any dividends, rights, allotments and / or any other distributions which may be declared, made or paid to Shareholders, the entitlement date of which is prior to the date of allotment of the Rights Shares.

All new Y&G Shares to be issued arising from the exercise of the Warrants shall, upon allotment and issuance, rank *pari passu* in all respects with the then existing Y&G Shares, save and except that the new Y&G Shares shall not be entitled to any dividends, rights, allotments and / or other distributions, the entitlement date of which is prior to the date of allotment of such new Y&G Shares.

**2.4 Last date and time for acceptance and payment**

The Closing Date is at 5.00 p.m., 7 November 2014.

## 2.5 Salient Terms of the Warrants

The salient terms of the Warrants are as follows:-

<b>Issue size</b>	:	Up to 51,375,155 Warrants comprising:- (i) 15,386,900 Warrants to be issued pursuant to the Free Warrants; (ii) up to 15,386,900 Warrants to be issued pursuant to the Rights Issue with Warrants; (iii) up to 7,693,450 Warrants to be issued pursuant to the Private Placement with Warrants; (iv) 5,701,500 Warrants to be issued pursuant to the MRSB Acquisition; (v) 3,845,405 Warrants to be issued pursuant to the KKS Acquisition; and (vi) 3,361,000 Warrants to be issued pursuant to the FDSB Acquisition
<b>Form and denomination</b>	:	The Warrants will be issued in registered form and constituted by a Deed Poll
<b>Issue price</b>	:	The Warrants are free and shall be issued at no cost
<b>Exercise rights</b>	:	Each Warrant carries the entitlement, at any time during the exercise period, to subscribe for one (1) new Y&G Share at the exercise price and subject to adjustments in accordance with the provisions of the Deed Poll
<b>Exercise price</b>	:	Subject to adjustments in accordance with the provisions of the Deed Poll, the exercise price of the Warrants has been fixed at RM1.00 each
<b>Exercise period</b>	:	The Warrants may be exercised at any time within the period commencing on and including the date of the issuance and ending on the market day at 5.00 p.m. in Malaysia immediately before the fifth (5 <sup>th</sup> ) anniversary of the date of the issuance of the Warrants. The Warrants which are not exercised during the exercise period will thereafter lapse and cease to be valid
<b>Mode of exercise</b>	:	The registered holder of the Warrants is required to lodge an exercise form, as set out in the Deed Poll, with our Share Registrar, duly completed and signed together with payment of the exercise price by bankers' draft or cashier's order drawn on a bank operating in Malaysia or a money order or postal order issued by a post office in Malaysia
<b>Status of new Y&amp;G Shares arising from the exercise of the Warrants</b>	:	All new Y&G Shares to be issued upon the exercise of the Warrants, shall upon allotment and issuance, rank <i>pari passu</i> in all respects with the then existing Y&G Shares, save and except that the new Y&G Shares shall not be entitled to any dividends, rights, allotments and / or other distributions, the entitlement date of which is prior to the date of allotment of such new Y&G Shares
<b>Adjustment in the exercise price and / or number of new Warrants</b>	:	Subject to the provisions of the Deed Poll, the exercise price and / or number of Warrants may from time to time be adjusted, calculated or determined by our Board in consultation with an approved investment bank or the auditors appointed by our Company, in the event of alteration to the share capital of our Company, capital distribution or issue of shares in accordance with the provisions of the Deed Poll

<b>Board lot</b>	:	The Warrants shall be tradable upon listing in board lots of 100 Warrants, or such denomination as may be determined by Bursa Securities
<b>Listing</b>	:	The approval from Bursa Securities has been obtained on 28 February 2014 for, amongst others, the admission of the Warrants to the Official List of Bursa Securities and for the listing of and quotation for the Warrants and the new Shares to be issued arising from the exercise of the Warrants on the Main Market of Bursa Securities
<b>Rights of holders on the liquidation of our Company</b>	:	<p>Every Warrant Holder shall be entitled, upon and subject to the conditions, at any time within six (6) weeks after the passing of such resolution for a members' voluntary winding-up of our Company or within six (6) weeks after the court order or the last approval being granted for the compromise or arrangement by submitting to our Company (whichever is later), exercise form(s) duly completed together with payment of the relevant exercise money, to be treated as if he had immediately prior to the commencement of such winding-up, compromise or arrangement (as the case may be) exercised the exercise rights represented by such Warrants to the extent specified in the relevant exercise form(s) and had on such date been the holder of the Y&amp;G Shares to which he would have become entitled to pursuant to such exercise and the liquidator of our Company shall give effect to such election accordingly. Our Company shall give notice to the Warrant Holders of the passing of any such resolution within seven (7) days after the passing of such resolution.</p> <p>Subject to the foregoing, all exercise rights which have not been exercised within the above six (6) weeks shall lapse and the Warrants will cease to be valid for any purpose. If our Company is wound-up other than by way of members' voluntary winding-up, all exercise rights which have not been exercised prior to the date of commencement of the winding-up shall lapse and the Warrants will cease to be valid for any purpose.</p> <p>For the avoidance of doubt, in the event of the de-listing of the then existing Y&amp;G Shares from the Main Market of Bursa Securities for whatever reasons, such de-listing shall not affect the rights (including exercise rights) of the Warrant Holders contained in the Deed Poll</p>
<b>Modification to the terms of the Warrants</b>	:	<p>Subject to the condition of the Deed Poll, save for manifest error, any modification, amendment, deletion or addition to the Deed Poll, shall require the approval of the Warrant Holders sanctioned by special resolution and may be effected only by Deed Poll, executed by our Company and expressed to be supplemental hereto and subject to the approval of the relevant authorities, if necessary.</p> <p>A memorandum of every such supplemental deed shall be endorsed on the Deed Poll</p>
<b>Participating rights of Warrant Holders in any distributions and / or offer of further securities</b>	:	The Warrants do not entitle the Warrant Holders to any voting rights in any general meeting of our Company or to participate in any forms of distribution and / or offer of further securities in our Company unless the Warrant Holders become our shareholder by exercising his / her Warrants into Y&G Shares
<b>Governing law</b>	:	Laws and regulations of Malaysia



### 3. DETAILS OF OTHER CORPORATE EXERCISES

On 17 September 2013, AmlInvestment Bank had, on behalf of our Board, announced that we are proposing to undertake the KESAS Land Acquisition, Rights Issue with Warrants, Free Warrants, and Private Placement with Warrants.

Subsequently on 19 November 2013, AmlInvestment Bank had, on behalf of our Board, announced that we are proposing to undertake the MRSB Acquisition, KKSB Acquisition, FDSB Acquisition and M&A Amendments.

The Rights Issue with Warrants, Free Warrants and Private Placement with Warrants are inter-conditional upon each other. Related Party Acquisitions and M&A Amendments are not conditional upon the KESAS Land Acquisition, Rights Issue with Warrants, Free Warrants and Private Placement with Warrants or vice-versa. The MRSB Acquisition, KKSB Acquisition and FDSB Acquisition are not inter-conditional upon each other. However, the Related Party Acquisitions are conditional upon the M&A Amendments.

We had obtained approvals from our Shareholders at the EGM held on 11 April 2014 for the abovementioned Corporate Exercises. The relevant forms in relation to the M&A Amendments were filed with the ROC on 15 April 2014.

HKDSB and MARDI had mutually agreed to extend the cut-off date of the KESAS Land Acquisition's SPA to 30 October 2014 to facilitate the fulfilment of the conditions precedent contained therein. As at to-date, HKDSB and MARDI are still in the midst of procuring the approvals from the relevant authorities for the KESAS Land Acquisition.

All the conditions precedent contained in the respective SPAs of the MRSB Acquisition and KKSB Acquisition have been fulfilled on 11 August 2014 and the said acquisitions are expected to be completed by 14 November 2014.

As at the LPD, the FDSB Acquisition is pending for the fulfillment of the conditions precedent of the FDSB Acquisition's SPA. However, we had vide the letter dated 30 September 2014, mutually agreed with Dato' Sri Yap Seng Yew, being the vendor of the FDSB Acquisition to further extend the cut-off date of the SPA to 7 November 2014 to facilitate the fulfilment of the conditions precedent contained therein.

On 8 October 2014, AmlInvestment Bank, on behalf of our Board, had announced, amongst others, the following:-

- (i) the Entitlement Date, which had been fixed at 5.00 p.m. on 23 October 2014 pertaining to the Free Warrants; and
- (ii) the issue price of the Placement Shares, which had been fixed at RM1.00 per Placement Share.

For clarity purposes, pursuant to the respective SPAs of the Related Party Acquisitions, the ICPS and Warrants will be issued within fourteen (14) Market Days from the respective completion dates of the Related Party Acquisitions.

The new Shares (where applicable) and Warrants to be issued pursuant to the Free Warrants, Private Placement with Warrants, Rights Issue with Warrants and Related Party Acquisitions (where applicable) will be issued and listed simultaneously.

Save for the abovementioned, there are no other corporate exercises which have been approved and are pending implementations as at the date of this Abridged Prospectus.

#### 4. MINIMUM SUBSCRIPTION LEVEL AND MAJOR SHAREHOLDERS' UNDERTAKING

As part of our capital management plan, we have determined a minimum level of subscription of 26,299,089 Rights Shares together with 13,149,544 Warrants under the Rights Issue with Warrants which would raise gross proceeds of approximately RM26.3 million based on an issue price of RM1.00 per Rights Share. The Minimum Subscription Level is based on our Company's funding requirements and the commitment from our Major Shareholders for the Rights Issue with Warrants.

We have procured an unconditional and irrevocable undertaking from our Major Shareholders to fully subscribe for their respective entitlements under the Rights Issue with Warrants as set out below.

	As at the LPD		Rights entitlement under the Rights Issue with Warrants		
	No. of Y&G Shares	%	No. of Rights Shares	No. of Warrants	%
Kinta Aroma	106,593,500	69.27	21,318,700	10,659,350	69.27
Dato' Sri Yap Seng Yew	5,518,000	3.59	1,103,600	551,800	3.59
Datin Sri Gan Li Li	5,572,787	3.62	1,114,557	557,278	3.62
Dato' Yap Jun Jien	6,905,580	4.49	1,381,116	690,558	4.49
Yap Jun Wei	6,905,580	4.49	1,381,116	690,558	4.49
<b>Total</b>	<b>131,495,447</b>	<b>85.46</b>	<b>26,299,089</b>	<b>13,149,544</b>	<b>85.46</b>

Our Major Shareholders have confirmed and AmInvestment Bank has verified the sufficiency of financial resources of our Major Shareholders subscribing for the Rights Shares pursuant to the Undertakings. In view of the Undertakings, the Minimum Subscription Level will be met and hence no underwriting is required for the Rights Issue with Warrants.

Based on the Minimum Scenario and Maximum Scenario, there are no implications of the Code and the Major Shareholders will not trigger an obligation to undertake a mandatory offer under the Code.

#### 5. RATIONALE FOR THE RIGHTS ISSUE WITH WARRANTS AND UTILISATION OF PROCEEDS

##### 5.1 Rationale for the Rights Issue with Warrants

After due consideration of the various methods of fund raising as well as the capital structure of our Company, our Board is of the view that the Rights Issue with Warrants is an appropriate avenue of raising funds in an expeditious manner to provide us with additional funds to part finance the KESAS Land Acquisition without incurring interest costs as well as to minimise any potential cash outflow in respect of interest servicing as compared to bank borrowings or the issuance of debt instruments.

The Rights Issue with Warrants would increase our shareholders' funds and strengthen our consolidated statement of financial position. The enlarged share base is also expected to enhance the liquidity of our Shares on the Main Market of Bursa Securities.

The Warrants issued pursuant to the Rights Issue with Warrants are intended to provide an incentive for the Entitled Shareholders to subscribe to the Rights Shares as our Shares are currently trading below the par value and strengthen our capital base as and when the Warrants are exercised and enable us to raise funds for working capital purposes without incurring interest cost, as compared to bank borrowings. This would consequently improve the gearing of our Group.

## 5.2 Utilisation of proceeds

Based on the issue price of RM1.00 per Rights Share, the Rights Issue with Warrants will raise gross proceeds of at least RM26.3 million and up to RM30.8 million. The proceeds are expected to be utilised in the following manner:-

Details of utilisation	Minimum Subscription Level RM'000	Full Subscription Level RM'000	Timeframe for utilisation from the date of listing of Rights Shares
Partly finance of the KESAS Land Acquisition or future business expansion <sup>(1)</sup>	25,000	25,000	Within 12 months
Working capital <sup>(2)</sup>	1,299	3,474	Within 12 months
Estimated expenses	<sup>(3)</sup> -	<sup>(4)</sup> 2,300	Within 3 months
	<b>26,299</b>	<b>30,774</b>	

Notes:-

- (1) In the event the KESAS Land Acquisition cannot be completed due to unforeseen circumstances such as the inability to obtain the approvals from the relevant authorities and / or inability to comply with the conditions imposed by the relevant authorities, if any, the proceeds to be raised from the Rights Issue with Warrants shall be utilised to finance future expansion of our Group's property development activities which may include acquisitions of land and investments in property development projects and / or companies. At present, our Board has yet to identify any alternative new business / land acquisition except for the Acquisitions. Further details of the KESAS Land Acquisition are set out in Appendix III of this Abridged Prospectus.
- (2) Working capital requirements of our Group include but are not limited to the funding of our Group's day-to-day operations, which includes the payment of creditors and defrayment of operational / administrative expenses (including personnel costs). The breakdown of proceeds to be utilised for each component of the working capital could not be determined at this juncture as the actual utilisation of each component may differ subject to the operating requirements at the time of utilisation and the actual proceeds to be raised from the Rights Issue with Warrants.
- (3) Under the Minimum Subscription Level, the estimated expenses in relation to the Corporate Exercises of RM2.3 million will be funded from funds generated internally by our Company. The estimated expenses of the Corporate Exercises comprise the advisory fees, regulatory fees, printing and advertising costs, stamp duties and miscellaneous expenses relating to the Corporate Exercises.
- (4) Any variation to the estimated expenses will result in an adjustment to the amount allocated for working capital requirement of our Group.

The exact quantum of proceeds that may be raised by us from the exercise of the Warrants would depend on the actual number of the Warrants exercised. The proceeds from the exercise of the Warrants will be received on an "as and when basis" over the tenure of the Warrants. The proceeds to be raised from the exercise of the Warrants shall be utilised for working capital purposes which include but are not limited to the funding of our Group's day-to-day operations and operating / administrative expenses.

Pending the utilisation of the net proceeds from the Rights Issue with Warrants and exercise of the Warrants, such proceeds allocated will be held in interest-bearing bank deposits and / or money market financial instruments.

## 6. RISK FACTORS

You should carefully consider, in addition to other information contained elsewhere in this Abridged Prospectus, the following risk factors (which may not be exhaustive) which may have an impact on the future performance of our Group before subscribing for or investing in the Rights Shares and the Warrants. There may be additional risk factors, which are not disclosed below, which are not presently known to us or which we currently deem to be less significant, which may materially and adversely affect our business, financial condition, operating results and prospects in the future.

### 6.1 Business and operational risks

#### (i) Risk Associated with the KESAS Land Acquisition

The completion of the KESAS Land Acquisition is conditional upon the conditions precedent in the SPA in relation to the KESAS Land Acquisition being fulfilled and / or waived by the parties to the said agreement (i.e with namely, HKDSB and MARDI). There can be no assurance that the KESAS Land Acquisition can be completed within the time frame set out in the SPA of the KESAS Land Acquisition or that the KESAS Land Acquisition will not be exposed to risks such as the inability to obtain the approvals from the relevant authorities and / or inability to comply with the conditions imposed by the relevant authorities (if any).

In the event that the KESAS Land Acquisition cannot be completed, the proceeds to be raised from the Rights Issue with Warrants and Private Placement with Warrants shall be utilised to finance future expansion of our Group's property development activities which may include acquisitions of landbanks and investments in property development projects and / or companies. At present, our Board has yet to identify any alternative new business / land acquisition except for the Acquisitions.

Nevertheless, our Group will take and continue to take all reasonable steps to ensure that the conditions precedent are met within the time frame set out in the SPA of the KESAS Land Acquisition and that every effort is made to obtain all the necessary approvals for the KESAS Land Acquisition in order to complete the KESAS Land Acquisition in a timely manner.

#### (ii) Performance of the property market

Our financial performance is largely dependent on the performance of the property market in Malaysia. Any adverse developments affecting the property market such as the deterioration in property demand may have an adverse impact on our business operations and financial performance.

The performance of the property market is also affected by the regulatory environment. In efforts to promote a more stable and sustainable property market, local authorities in Malaysia have introduced certain regulatory restrictions and schemes.

In 2010, the Government reinstated RPKG to deter speculative activities in the secondary property market. Subsequent to 2010, the Government revised the RPKG rates higher as part of its efforts to further curb speculation in the property market.

Additionally, the Government had also imposed a minimum purchase price of RM500,000 on properties purchasable by foreigners. The said minimum price was revised further from RM500,000 to RM1,000,000 in the Malaysian Budget 2014 as part of the Government's plans to restrict speculative activities in the property market.

In 2010, BNM had also introduced a maximum loan-to-value ratio of 70% with regard to third home purchases. Under this ruling, potential third home purchasers are only able to obtain loan-financing facility of up to 70% of the value of their proposed third home purchases. This ruling was introduced with the aim of discouraging speculation in the property market. In November 2013, BNM issued a ruling stating that banks are required to give out property loans based on net selling price of the properties, which excludes rebates and discounts as opposed to the gross selling price of the subject properties.

The Monetary Policy Committee decided to raise the overnight policy rate ("OPR") by 25 basis points to 3.25% on 10 July 2014. The wholesale and retail lending and deposit rates were revised to levels that are consistent with the current OPR level. The average BLR with most commercial banks revising their respective BLRs by 25 basis points (*source: 2<sup>nd</sup> quarter of 2014, BNM report*). Any changes to the BLR will affect pricing of both existing and new floating interest rate home loans. However, fixed rate home loan packages will remain unaffected. Fluctuations in interest rates may affect the demand for properties as higher interest rates may lead to an increase in the price of properties for prospective buyers. This may adversely affect the demand for our Group's properties.

In addition, banks can no longer provide financing for projects with DIBS. The DIBS is generally a form of promotional incentive offered to potential purchasers in a bid by property developers to attract property buyers. Under the DIBS, interests of the loan undertaken by the buyers are borne by the property developers until the property have been constructed.

Following several cooling measures imposed to curb speculative activity in the property sector, the number of residential property transactions decreased 2.7% in the first half of 2014 (July - December 2013: 5.1%). (*Source: Economic Report 2014 / 2015, Minister of Finance Malaysia*)

The future success will depend significantly upon our ability to respond to changing market conditions and demand, and employ marketing strategies that will suitably position our Group to fulfil the need of our target market. However, any further introduction of cooling measures by the Government or BNM to control price levels of the Malaysian property market may adversely impact our property development business.

**(iii) Business risk**

Our Group is principally involved in property development. General risks affecting our Group's property development operations may include rising / fluctuating cost of materials, shortage of labour, increasing competition from other players, economic environment and / or outlook, financing facilities for land acquisition and / or development projects, decreasing landbank, adverse weather conditions, interest rates, natural disasters and other unforeseen circumstances and problems.

Our Group seeks to limit these business risks through, amongst others, continuously reviewing our Group operations and strategy, retaining key personnel, prudent cost control measures, continuously sourcing for opportunities to acquire landbank in strategic areas, maintaining good relationship with its business partners, adhering to timely delivery commitment and emphasis on the product quality. However, there can be no assurance that any adverse change to these factors will not have a material and / or adverse effect on the business and financial performance of our Group.

**(iv) Competition risks**

Our existing projects face competition from various property developers, including on the availability of strategically located and reasonably priced land banks. The property development market is highly competitive and the mismatch in supply and demand will intensify the level of competition, which may amongst others, affect the pricing of the property. There can be no assurance that buyers will purchase properties from our developments instead of our competitors.

We will continue to take measures to address the competition risk such as conducting market intelligence study to understand buyers' needs, monitoring and adjusting development products and marketing strategies in response to changing economic conditions and market demand.

**(v) Political, economic and regulatory considerations**

The property industry in general is affected by adverse developments in political, economic and regulatory conditions in Malaysia and there is no assurance that any such developments may not have an adverse effect on the financial prospects of property developers in Malaysia including our Group. Political and economic uncertainties include but are not limited to, changes in labour laws, availability of labour, a switch in political leadership and / or changes in the government's policies on interest rates, methods of taxation and licensing regulations.

Our Group is confident that our experienced management team and proven ability to respond and adapt to the ever-changing economic and regulatory environment will put our Group in good stead to alleviate any difficulties arising from the changes in the political, economic and regulatory circumstances should they arise in the future. Notwithstanding the above, there can be no assurance that these changes will not materially affect our Group.

**(vi) Project completion risks**

Delay in completion of our projects could result from unforeseen circumstances such as natural disasters, major changes in government or local authorities' approval policies, delay in obtaining the necessary approvals from local authorities, acute shortage of construction materials, adverse weather conditions and unsatisfactory performance of the building contractors.

If any of the aforementioned circumstances happen or occur for a prolonged period, our Group may incur additional costs such as liquidated and ascertained damages payable to purchasers, rectification costs to repair defects, and higher material and labour costs, which may result in our financial performance being materially impacted.

As the timely completion of our projects is critical in ensuring our Group's reputation, we seek to mitigate such risks by constantly monitoring our projects milestones and working closely with all suppliers, contractors and relevant authorities to ensure that delays in completion of projects are minimised or avoided.

**(vii) Dependence on approvals and licenses from authorities**

Property developers including our Group are subject to various regulatory approvals particularly in respect of approvals for development plans and conversion of land usage. There is no assurance that any delay in obtaining these approvals may not have an adverse impact on the timing of launching our property development projects and thereby affecting our future profitability.

To ensure smooth implementation of our development projects, we conduct thorough studies on the nature and background of potential land to be acquired and ensure that we comply with procedural and documentation requirements in relation to the applications for necessary approvals. In addition, we will monitor the progress of such applications by progressively liaising with the relevant authorities.

**(viii) Financing and interest rate risk**

In addition to the proceeds raised under the Rights Issue with Warrants and the exercise of the Warrants, we may be required to seek for external financing to fund our working capital or future land acquisition to support the growth of our business. Our ability to arrange for such external financing and the cost of such financing are dependent on numerous factors, including general economic and capital market conditions, interest rates, credit availability from banks, the success and track record of our business, provision of tax and securities laws that maybe applicable to our efforts to raise capital, any restrictions imposed by the Government and political, social and economic conditions in Malaysia.

Further, our Company may incur interest expenses on the bank borrowing to be obtained. In view that the interest charged on bank borrowings is dependent on prevailing interest rates, future fluctuation of interest rates could have an effect on our Group's cash flows and profitability. Nevertheless, our Company will use its best endeavours to manage its cash flow position and funding requirements. Our Company believes that our prudent cash flow management will be able to address the financing and interest rate risk. In addition, the proceeds from the Rights Issue with Warrants would strengthen our balance sheet and improve our ability to obtain the necessary financing, if required.

**(ix) Dependence on our key personnel**

The success of our Group is dependent upon the abilities and continued efforts of our Directors, key management team and skilled personnel. Our continued success depends on our ability to soundly manage our business operations which is to a large extent attributable to our experienced senior management team headed by our Board. Our management team's extensive knowledge and experience serves as the foundation for the strategic decision-making that has driven our development and growth, and will continue to propel the future expansion of our Group.

Another key factor to our success will also depend on our ability to attract and retain skilled personnel. In this respect, the continued services of our Directors, key management and skilled workers is critical for our continued and future performance. Hence, any significant or sudden loss of senior management and skilled personnel may adversely affect our business and financial performance.

We endeavor to continue to attract and retain key personnel by implementing comprehensive human resource strategies, including competitive remuneration packages and training programs with the objective of grooming and developing younger management personnel and these programs are expected to enhance the ability of employees to carry out their daily duties effectively and to provide succession.



**(x) Dependence on main contractors**

Generally, the property development industry is dependent on the performance of the main contractors to ensure quality and timely completion of the respective building and infrastructure works as per their contractual timeline. There is no assurance that any unanticipated delay due to unforeseen circumstances, shortage of supplies of construction materials or labour and unsatisfactory performance of the appointed main contractors may not have an adverse effect on the operations and profitability of our Group.

Our Group implements stringent selection criterion to ensure that only main contractors with proven track record and adequate financial resources are engaged to undertake construction works in our Group's development projects. Furthermore, we are not dependent on any single main contractor as we engage the services of many contractors for the development of our projects. In addition, our Group will also seek to mitigate such risks by close monitoring of the contractor's work progress in order to ensure the timely completion of the property development projects.

**(xi) Risk of unsold properties**

In the event our Group is unable to sell a significant portion of our properties offered in a particular development, our financial results will be affected. Furthermore, the unsold properties that we continue to hold for sale post-completion of the project may be relatively illiquid. Such concern may affect our ability to realise cash and also have an adverse effect on the prices of unsold units in the event that we are required to sell the unsold properties urgently. In such an event, our cashflow and financial performances may be affected.

Our Group seeks to mitigate the risk by conducting market survey and feasibility studies prior to any new property development launches. Nevertheless no assurance can be given that the occurrence of unsold properties will not have a material impact on our Group's business and financial performance.

**6.2 Risks relating to the Rights Issue with Warrants**

**(i) Public shareholding spread risk**

As at the LPD, our public shareholding spread is 13.3%. Pursuant to the Maximum Scenario and Minimum Scenario, the public shareholding spread is expected to increase to approximately 20.0% and 18.4% respectively after the completion of the Corporate Exercises (but before the conversion of ICPS and the exercise of the Warrants). Nevertheless, the abovementioned proforma public shareholding spread is still below the minimum requirement of shareholding spread of 25% pursuant to Paragraph 8.02(1) of the Listing Requirements.

In order to meet the Required Public Shareholding Spread upon completion of the Corporate Exercises, our Major Shareholders will undertake the Offer for Sale to address the shortfall in our public shareholding spread. In addition, our Major Shareholders have provided their undertakings that they will not convert the ICPS (where applicable) or exercise the Warrants until we have met the Required Public Shareholding Spread.

We will continue to monitor the level of public shareholding spread and to explore any viable options available in the effort to meet the Required Public Shareholding Spread upon completion of the Corporate Exercises.

**(ii) Capital market risk**

The market price of our Shares is influenced by, amongst others, the prevailing market sentiments, the volatility of the stock market, movements in interest rates, the outlook of the industry in which our Company operates and our financial performance. In view of this, there can be no assurance that our Shares will trade at or above the issue price of the Rights Share or the TERP of our Shares upon or subsequent to the listing and quotation of the Rights Shares and Warrants on the Main Market of Bursa Securities.

The Warrants are a new instrument issued by our Company. Therefore, there can be no assurance that an active market for the Warrants will develop upon its listing on Bursa Securities, or, if developed, that it will be sustainable. In addition, there is no assurance that the Warrants will be "in-the-money" during the exercise period, which is the period commencing on and including the date of the issuance and ending on the market day at 5.00 p.m. in Malaysia immediately before the fifth (5th) anniversary of the date of the issuance of the Warrants.

Accordingly, there is no assurance that the market price of the Rights Shares and Warrants will be at a level that meets the specific investment objectives or targets of any subscriber of the Rights Shares and Warrants.

**(iii) Delay in or abortion of the implementation of Rights Issue with Warrants**

There may be a delay in or an abortion of the listing of the Rights Shares and / or the Warrants on the occurrence of any force majeure events or circumstances (such events or circumstances include *inter alia*, natural disasters, acts of war, acts of terrorism, riots and expropriations) beyond the reasonable control of our Board arising prior to the implementation of the Rights Issue with Warrants that has a material adverse impact on our financial position or the market price of our Shares.

There can be no assurance that the above events will not occur and cause a delay in or abortion of the listing of the Rights Shares and Warrants.

In the event of a failure to implement the Rights Issue with Warrants, we will return in full without interest, all monies received in respect of any application for subscription of the Rights Issue with Warrants. If any such money received from the Entitled Shareholders are not repaid within fourteen (14) days after we become liable to pay, we will repay such money with interest at the rate of ten percent (10%) per annum or at such other rate as may be prescribed by the SC from the expiration of that period in accordance with Section 243(2) of the CMSA.

**(iv) Potential dilution in shareholding**

Entitled Shareholders who do not or are not able to accept their Provisional Rights Shares with Warrants will have their proportionate ownership and voting interests in our Company reduced, and the percentage of our enlarged issued and paid-up ordinary share capital represented by their shareholdings in our Company will also be reduced accordingly. Pursuant thereto, their proportionate entitlement to any dividends, rights allotments and / or other distributions that we may declare, make or pay will correspondingly be diluted.

### **6.3 Forward-looking statements and other information**

Certain statements in this Abridged Prospectus are based on historical data, which may not be reflective of future results, and others are forward-looking in nature which are subject to uncertainties and contingencies. All forward-looking statements are based on the estimates and assumptions made by our Company, unless stated otherwise, and although our Board believes these forward-looking statements to be reasonable at this point in time given the prevailing circumstances, they are nevertheless subject to known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements to differ materially from the future results, performance or achievements expressed or implied in such forward-looking statements. Such factors include, but are not limited to, those set out in this Abridged Prospectus. In view of this and other uncertainties, the inclusion of any forward-looking statement in this Abridged Prospectus should not be regarded as a representation or warranty by our Company, the Principal Adviser, Financial Adviser and / or other advisers that the plans and objectives of our Group will be achieved.

Further, and save as required by law or relevant rules and regulations, none of our Directors, the Principal Adviser, Financial Adviser and / or any other advisers are under any obligation to update any forward-looking statements included in this Abridged Prospectus, or to publicly announce any revision to those forward-looking statements for any reason, even if new information becomes available or other events occur in the future.

Certain information in this Abridged Prospectus are extracted or derived from available government publications or other publicly available sources. Neither we nor the Principal Adviser, Financial Adviser and / or any other advisers have independently verified such information.

## **7. INDUSTRY OVERVIEW AND FUTURE PROSPECTS**

### **7.1 Overview and outlook of the global and Malaysian economy**

Growth of the Malaysian economy accelerated to 6.4% in the second quarter of 2014 from 6.2% in the first quarter, marking the strongest growth since the fourth quarter in 2010, and bringing the first half growth to 6.3%. Growth was supported by resilient domestic demand and reinforced by higher exports. The faster pace of recovery, particularly in the US, United Kingdom and selected euro area economies as well as moderate growth in the emerging economies provided strong support to the Malaysian export-oriented industries and trade-related services.

The Malaysian economy has benefited from several initiatives and reforms taken over the years to enhance its resilience and competitiveness. Consequently, Malaysia is now well placed to gain further from the gradual global recovery with a more broad-based growth. The nation's strengths include: strong macroeconomic fundamentals such as a diversified economy; low unemployment; strong international reserves; growing role of the private sector as the driver of growth with its share of investment currently accounting for 68.9% of total investment during the first half of 2014; and a healthy financial system to support economic activity. Thus, the domestic economy will continue to expand in the second half of the year, albeit moderately, mainly due to the high-base effect of export performance from the previous year. For 2014, the economy is projected to grow 5.5% - 6% (2013: 4.7%), which is higher than the initial forecast of 4.5% - 5.5% in early 2014.

The economic growth momentum in 2014 is expected to continue in 2015 driven by improving external demand and resilient domestic economic activity. Growth will be private-led in line with the Government's efforts to strengthen the private sector's role in the economy. On the supply side, all economic sectors are expected to record positive growth in 2015, with the services and manufacturing sectors remaining the major contributors to growth. Sustained growth in domestic demand, albeit at a moderate pace, is expected to contribute to the expansion in domestic-related activities. The economy is projected to grow 5% - 6% in 2015.

Although the global economy is expected to sustain moderate recovery in 2015, there remain some downside risks such as: escalation of geopolitical tensions in Eastern Europe and the Middle East which could cause oil prices to rise and weigh on global growth; slower growth in emerging economies; and uncertainty over global interest rate normalisation and policy adjustments in the advanced economies which could trigger large capital outflows from emerging markets. In the euro area, some economies remain constrained by fiscal and structural issues which could affect the pace of recovery in Europe.

In 2015, inflation is expected to increase 4% - 5%, largely due to the implementation of Goods and Services Tax ("GST") and spillover effect of fuel subsidy reduction in October 2014. Given the subdued external cost pressure, domestic cost remains the major factor that drives inflation in 2015. The implementation of the GST will have a transitory impact on the cost of goods and services. However, the strong capacity expansion over the past years will help to mitigate the cost pressures, while a more cautious stance of consumers would also contribute to moderating demand and hence prevent inflation from becoming more entrenched.

Domestic demand is envisaged to expand, albeit at a moderate pace, underpinned by higher investment and sustained consumption spending. Private investment is expected to remain strong supported by increasing domestic activity and a favourable external sector. Private consumption is, however, expected to moderate below its long-term average, but will continue to support growth. Household spending is expected to moderate amid higher inflation following the implementation of GST. Nevertheless, the impact of higher inflation on consumption is expected to be temporary and will eventually taper off after a few months of the GST implementation. In addition, higher export earnings are expected to boost business earnings and household income and hence mitigate the impact of higher inflation on domestic demand. Consequently, nominal Gross National Income per capita is expected to increase 8.1% to RM37,486 (2014: 8.9%; RM34,682). Income per capita in Purchasing Power Parity terms is expected to increase 2.4% to USD23,512 (2014: 2.2%; USD22,958).

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

## **7.2 Overview and outlook of the Malaysian property market**

The construction sector continued to register a double-digit growth of 14.3% during the first half of 2014 (January – June 2013: 12%). During the period, 19,649 construction projects were undertaken with contract value of RM50.1 billion. The civil engineering subsector contributed 33% to the total construction works, followed by the non-residential (32.3%), residential (29.6%) and special trade (5%). The private sector contributed 71.4% to the total value of construction works. Meanwhile, the higher construction activity was led by the residential and non-residential subsectors, while growth in the civil engineering subsector moderated following the completion of some major projects, including Kuala Lumpur International Airport 2, Second Penang Bridge and Manjung coal-power plant. Moving forward, the sector is expected to grow 12.7% in 2014 (2013: 10.9%) and contribute 4% to GDP, supported by ongoing residential, oil and gas and transportation projects.

Growth in the non-residential subsector turned around sharply by 14% (January – June 2013: -1%) in line with healthy business activity during the first half of 2014. This was reflected by increased construction activities especially for commercial buildings with the incoming supply of shops increasing to 72,117 units (January – June 2013: 66,167 units).

The real estate and business services subsector expanded 8% during the first six months of 2014 (January - June 2013: 6.7%). During the period, the business services segment recorded 8.9% growth (January - June 2013: 7.7%) mainly driven by higher demand for professional services, particularly engineering services in the construction sector as well as computer services. Meanwhile, the real estate segment grew 5.5% (January – June 2013: 4%) following higher real estate transactions which rebounded by 3.3% to 193,430 (January – June 2013: -13.8%; 187,164) with transaction value recording a double-digit growth of 19% to RM82 billion (January – June 2013: -0.3%; RM69 billion). Despite property prices hovering at a high level, the various cooling measures introduced to curb rising property prices and speculative activities have started to gain traction. This was reflected in the slower increase in residential property prices at 8.1% while transactions fell 2.7% during the first half of 2014 (January – June 2013: 11%; 5.1%). Growth of the real estate and business services subsector is projected to sustain at 7.5% in 2014 (2013: 7.5%).

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

The value of total property transactions increase to RM82 billion (January – June 2013: RM68.8 billion), with volume expanding 3.3% to 193,405 transactions during the first six months of 2014. Residential property transactions formed the bulk with a share of 63.5%. However, following several cooling measures imposed to curb speculative activity in the property sector, the number of residential property transactions decreased 2.7% in the first half of 2014 (July - December 2013: 5.1%).

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

The residential subsector is expected to remain strong in view of the increased demand for housing, particularly from the middle-income group. Demand for affordable housing will remain favourable amid several Government initiatives such as 1Malaysia Housing Programme, Rumah Idaman Rakyat and Rumah Mesra Rakyat. The non-residential subsector is also expected to remain stable supported by encouraging demand for industrial and commercial buildings. Major commercial building projects such as the 118-storey Menara Warisan and Bukit Bintang City Centre are expected to contribute to the growth of the sector.

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

### 7.3 Prospects of the enlarged Y&G Group

In arriving at the prospect of our Group, our Board has taken into consideration the prevailing conditions and outlook of the Malaysian economy and Malaysian property market as discussed in Sections 7.1 and 7.2 above. Moving forward, our Board expects that the performance of our property development business to remain encouraging due to the following:-

- (i) KESAS Land Acquisition represents a significant acquisition for our Group as it sets a new milestone for us in our strategy to accelerate growth in our property development business. The KESAS Land Acquisition will increase our development land bank by 267 acres from approximately 76.6 acres (as at the LPD) to approximately 343.6 acres. The KESAS Land Development is planned to be modeled on the success of mixed development projects in the Klang Valley region. This is expected to provide a source for property development activities and hence future revenue / profits for the medium to long term.
- (ii) The Related Party Acquisitions will further increase the land bank size by 37.7 acres from 343.6 acres to 381.3 acres. The Acquiree Companies have on-going developments or developments which are expected to commence soon, which is expected to provide an immediate and near term revenue / profit.
- (iii) As such, the Acquisitions not only replenishes the land bank of our Group but enable the continuation of sustainable revenue stream arising from the property development projects.
- (iv) We expect to benefit from the Proposed Developments in view that the Development Lands are strategically and conveniently located where it is expected to appeal to a wide spectrum of prospective purchasers.
- (v) The potential success of the Proposed Developments will also help to improve our position among listed property developers with the focus in developing townships that cater largely to the mass affordable market.
- (vi) We also noted that the various measures taken by the Government to discourage excessive speculative buying in order to stem property prices from spiralling to have a dampening effect on the property market. However, these corrective measures will ensure a more stable and sustainable property market in the mid to long term.

We are optimistic with the growing demand for property development in Malaysia, notably in the Klang Valley especially for landed mass affordable products. Malaysia has favourable demographics for the housing sector, namely the increasing number of working population, low unemployment rates and a positive employment outlook, coupled with the healthy demand mainly driven by a young growing population, urbanisation, shrinking household size and rising affluence.

- (vii) Our Group will continue to seek opportunities to source for strategically located development land while exploring joint venture opportunities to further expand and grow its property development business and provide sustainable growth in an increasing competitive landscape. Save for the Acquisition, our Group currently does not have any specific plans for the expansion of our landbank.

In this respect, we envisage that our Group's prospects are favourable.

## 8. FINANCIAL EFFECTS OF THE RIGHTS ISSUE WITH WARRANTS

### 8.1 Issued and paid-up share capital

The proforma effects of the Corporate Exercises on the issued and paid-up share capital of our Company are as follows:-

	(I) Ordinary shares				(II) ICPS		(I)+(II) Share capital	
	Minimum Scenario		Maximum Scenario		No. of ICPS	Minimum Scenario	Maximum Scenario	
	No. of Y&G Shares '000	RM'000	No. of Y&G Shares '000	RM'000				RM'000
Existing share capital as at the LPD	153,869	153,869	153,869	153,869	-	-	153,869	153,869
To be issued pursuant to the Related Party Acquisitions	-	-	-	-	25,816	25,816	25,816	25,816
	<b>153,869</b>	<b>153,869</b>	<b>153,869</b>	<b>153,869</b>	<b>25,816</b>	<b>25,816</b>	<b>179,685</b>	<b>179,685</b>
To be issued pursuant to the Rights Issue with Warrants	26,299	26,299	30,774	30,774	-	-	26,299	30,774
	<b>180,168</b>	<b>180,168</b>	<b>184,643</b>	<b>184,643</b>	<b>25,816</b>	<b>25,816</b>	<b>205,984</b>	<b>210,459</b>
To be issued pursuant to the Private Placement with Warrants	15,387	15,387	15,387	15,387	-	-	15,387	15,387
	<b>195,555</b>	<b>195,555</b>	<b>200,030</b>	<b>200,030</b>	<b>25,816</b>	<b>25,816</b>	<b>221,371</b>	<b>225,846</b>
To be issued upon full conversion of ICPS	25,816	25,816	25,816	25,816	(25,816)	(25,816)	-	-
	<b>221,371</b>	<b>221,371</b>	<b>225,846</b>	<b>225,846</b>	<b>-</b>	<b>-</b>	<b>221,371</b>	<b>225,846</b>
To be issued upon the full exercise of the Warrants	49,138	49,138	51,375	51,375	-	-	49,138	51,375
<b>Enlarged issued and paid-up share capital</b>	<b>270,509</b>	<b>270,509</b>	<b>277,221</b>	<b>277,221</b>	<b>-</b>	<b>-</b>	<b>270,509</b>	<b>277,221</b>



## 8.2 NA per Y&G Share and Gearing

Based on our latest audited consolidated statement of financial position as at 31 December 2013 and on the assumption that the Corporate Exercises had been effected on that date, the proforma effects of the Corporate Exercises on the NA per Share and gearing of our Group are as follows:-

### Minimum Scenario:

	(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)
				After (III) and Private Placement with Warrants	After (IV) and KESAS Land Acquisition	After (V) and assuming the full conversion of ICPS	After (VI) and assuming the full exercise of Warrants <sup>(1)</sup>
	Audited as at 31 December 2013	After Related Party Acquisitions	After (I) and Free Warrants	After (II) and Rights Issue with Warrants	After (IV) and KESAS Land Acquisition	After (V) and assuming the full conversion of ICPS	After (VI) and assuming the full exercise of Warrants <sup>(1)</sup>
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Share capital:-							
- Ordinary shares	153,869	153,869	153,869	180,168	195,555	221,371	270,509
- ICPS	-	25,816	25,816	25,816	25,816	-	-
Share premium	-	-	-	-	-	-	2,700
Warrants reserve <sup>(2)</sup>	-	1,033	1,033	2,085	2,700	2,700	-
Retained profits <sup>(2)</sup>	22,830	<sup>(3)</sup> 21,799	21,799	20,747	<sup>(4)</sup> 17,832	17,832	17,832
<b>Equity attributable to equity holders of Y&amp;G / NA</b>	<b>176,699</b>	<b>202,517</b>	<b>202,517</b>	<b>228,816</b>	<b>244,203</b>	<b>241,903</b>	<b>291,041</b>
Number of Y&G Shares in issue ('000)	153,869	153,869	153,869	180,168	195,555	221,371	270,509
Borrowings	365	<sup>(7)</sup> 24,025	24,025	24,025	24,025	84,025	84,025
NA per Y&G Share (RM) <sup>(5)</sup>	1.15	1.32	1.32	1.27	1.25	1.09	1.08
Gearing (times) <sup>(6)</sup>	-	0.12	0.12	0.10	0.10	0.35	0.29

Notes:-

- (1) For illustration purposes, assuming approximately 49.1 million Warrants exercisable into approximately 49.1 million new Y&G Shares at an exercise price of RM1.00 per Warrant.
- (2) The warrant reserve arises from the transfer of retained profits in relation to the issue of approximately 33.8 million Warrants pursuant to the Rights Issue with Warrants, the Private Placement with Warrants and the Related Party Acquisitions. For illustration purposes, the Warrants are assumed to have a fair value of RM0.08 each (Source: based on trinomial option valuation method obtained from Bloomberg as at the LPD) and the actual fair value of the Warrants can only be determined at the point of issuance of the Warrants. The Warrant reserve will be reclassified to share premium upon exercise of the Warrants.
- (3) Bargain purchase on consolidation arising from the Related Party Acquisitions of RM1,835 was credited to retained profits account.
- (4) After defraying estimated expenses amounting to RM2.3 million in relation to the Corporate Exercises.
- (5) Calculated based on the NA divided by the number of Y&G Shares in issue.
- (6) Less than 0.01.
- (7) Including the latest audited bank borrowings of the respective Acquiree Companies.

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## Maximum Scenario:

	(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	
	Audited as at 31 December 2013	After Related Party Acquisitions	After (I) and Free Warrants	After (II) and Rights Issue with Warrants	After (III) and Private Placement with Warrants	After (IV) and KESAS Land Acquisition	After (V) and assuming the full conversion of ICPS	After (VI) and assuming the full exercise of Warrants <sup>(1)</sup>
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Share capital:-								
- Ordinary shares	153,869	153,869	153,869	184,643	200,030	200,030	225,846	277,221
- ICPS	-	25,816	25,816	25,816	25,816	25,816	-	-
Share premium	-	-	-	-	-	-	-	2,879
Warrants reserve <sup>(2)</sup>	-	1,033	1,033	2,264	2,879	2,879	2,879	-
Retained profits <sup>(2)</sup>	22,830	<sup>(3)</sup> 21,799	21,799	20,568	19,953	<sup>(4)</sup> 17,653	17,653	17,653
<b>Equity attributable to equity holders of Y&amp;G / NA</b>	<b>176,699</b>	<b>202,517</b>	<b>202,517</b>	<b>233,291</b>	<b>248,678</b>	<b>246,378</b>	<b>246,378</b>	<b>297,753</b>
Number of Y&G Shares in issue ('000)	153,869	153,869	153,869	184,643	200,030	200,030	225,846	277,221
Borrowings	365	<sup>(7)</sup> 24,025	24,025	24,025	24,025	84,025	84,025	84,025
NA per Y&G Share (RM) <sup>(5)</sup>	1.15	1.32	1.32	1.26	1.24	1.23	1.09	1.07
Gearing (times)	<sup>(6)</sup> -	0.12	0.12	0.10	0.10	0.34	0.34	0.28

Notes:-

- (1) For illustration purposes, assuming approximately 51.4 million Warrants exercisable into approximately 51.4 million new Y&G Shares at an exercise price of RM1.00 per Warrant.
- (2) The warrant reserve arises from the transfer of retained profits in relation to the issue of approximately 36.0 million Warrants pursuant to the Rights Issue with Warrants, the Private Placement with Warrants and the Related Party Acquisitions. For illustration purposes, the Warrants are assumed to have a fair value of RM0.08 each (Source: based on trinomial option valuation method obtained from Bloomberg as at the LPD) and the actual fair value of the Warrants can only be determined at the point of issuance of the Warrants. The Warrant reserve will be reclassified to share premium upon exercise of the Warrants.
- (3) Bargain purchase on consolidation arising from the Related Party Acquisitions of RM1,835 was credited to retained profits account.
- (4) After defraying estimated expenses amounting to RM2.3 million in relation to the Corporate Exercises.
- (5) Calculated based on the NA divided by the number of Y&G Shares in issue.
- (6) Less than 0.01.
- (7) Including the latest audited bank borrowings of the respective Acquiree Companies.

The proforma consolidated statements of financial position of our Company as at 31 December 2013 together with the Reporting Accountants' Report are set out in Appendix V of this Abridged Prospectus.

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### 8.3 Earnings and EPS

The Corporate Exercises are expected to be completed by fourth (4<sup>th</sup>) quarter of FYE 31 December 2014. The Acquisitions are expected to contribute positively to the future earnings of our Group for the ensuing financial years, due to, amongst others, the earnings contribution from the Proposed Developments.

For illustrative purposes only, based on the audited consolidated financial statements of Y&G for the FYE 31 December 2013, the proforma effects of the Corporate Exercises on the earnings and EPS of our Group assuming that the Corporate Exercises had been effected on 1 January 2013, being the beginning of the FYE 31 December 2013 are as follow:-

#### Minimum Scenario:

		(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)
	Audited as at 31 December 2013	After Related Party Acquisitions	After (I) and Free Warrants	After (II) and Rights Issue with Warrants	After (III) and Private Placement with Warrants	After (IV) and KESAS Land Acquisition (1)	After (V) and assuming the full conversion of ICPS	After (VI) and assuming the full exercise of Warrants
Number of Y&G Shares ('000)	153,869	153,869	153,869	180,168	195,555	195,555	221,371	270,509
PAT attributable to the equity holders of our Company (RM'000)	7,972	(3) (4) 9,315	9,315	9,315	9,315	(5) 7,015	7,015	7,015
EPS (sen) (2)	<b>5.18</b>	<b>6.05</b>	<b>6.05</b>	<b>5.17</b>	<b>4.76</b>	<b>3.59</b>	<b>3.17</b>	<b>2.59</b>

#### Notes:-

- (1) The increase in interest expense pursuant to the borrowing used to finance part of the KESAS Land Purchase Consideration has no impact on our earnings and EPS as the interest expenses will be capitalised when incurred.
- (2) EPS = PAT attributed to the equity holders of our Company / total number of Y&G Shares.
- (3) After taking into accounts the Acquiree Companies' latest annual audited PAT / LAT and assuming the Acquiree Companies' financial year end were the same as our Company for FYE 31 December 2013.
- (4) Including the bargain purchase on consolidation arising from the Related Party Acquisitions of RM1,835.
- (5) After defraying estimated expenses amounting to RM2.3 million in relation to the Corporate Exercises.

**Maximum Scenario:**

	(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	
	Audited as at 31 December 2013	After Related Party Acquisitio ns	After (I) and Free Warrants	After (II) and Rights Issue with Warrants	After (III) and Private Placement with Warrants	After (IV) and KESAS Land Acquisition <sup>(1)</sup>	After (V) and assuming the full conversio n of ICPS	After (VI) and assuming the full exercise of Warrants
Number of Y&G Shares ('000)	153,869	153,869	153,869	184,643	200,030	200,030	225,846	277,221
PAT attributable to the equity holders of our Company (RM'000)	7,972	<sup>(3)</sup> <sup>(4)</sup> 9,315	9,315	9,315	9,315	<sup>(5)</sup> 7,015	7,015	7,015
EPS (sen) <sup>(2)</sup>	<b>5.18</b>	<b>6.05</b>	<b>6.05</b>	<b>5.04</b>	<b>4.66</b>	<b>3.51</b>	<b>3.11</b>	<b>2.53</b>

## Notes:-

- (1) The increase in interest expense pursuant to the borrowing used to finance part of the KESAS Land Purchase Consideration has no impact on our earnings and EPS as the interest expenses will be capitalised when incurred.
- (2) EPS = PAT attributed to the equity holders of our Company / total number of Y&G Shares.
- (3) After taking into accounts the Acquiree Companies' latest annual audited PAT / LAT and assuming the Acquiree Companies' financial year end were the same as our Company for FYE 31 December 2013.
- (4) Including the bargain purchase on consolidation arising from the Related Party Acquisitions of RM1,835.
- (5) After defraying estimated expenses amounting to RM2.3 million in relation to the Corporate Exercises.

## 9. WORKING CAPITAL, BORROWINGS, CONTINGENT LIABILITIES AND MATERIAL COMMITMENTS

### 9.1 Working Capital

Our Board is of the opinion that, after taking into account the funds generated from our operations, the banking facilities available to our Group, the cash flow position of our Group as well as the proceeds to be realised from the Rights Issue with Warrants and Private Placement with Warrants, our Group will have sufficient working capital available for a period of twelve (12) months from the date of this Abridged Prospectus.

### 9.2 Borrowings

As at the LPD, our Group's total outstanding borrowings (all of which are interest bearing) are denominated in the following currencies set out below.

	RM '000
<b>Short-term borrowings (payable within twelve (12) months)</b>	
RM	74
Total short-term borrowings	<u>74</u>
<b>Long-term borrowings (payable after twelve (12) months)</b>	
RM	176
Total long-term borrowings	<u>176</u>
<b>Total borrowings</b>	<u><b>250</b></u>

As at the LPD, our Group does not have any non-interest bearing borrowings.

Other than disclosed above, our Group does not have any other borrowings. There has not been any default on payments of either interest and / or principal sums on any of the above borrowings throughout the past one (1) financial year, and subsequent financial period up to the LPD.

### 9.3 Contingent Liabilities

After having made all reasonable enquiries by our Board, as at the LPD, there are no contingent liabilities, which may, upon becoming enforceable, have a material effect on our Group's financial position.

### 9.4 Material Commitments

Save as disclosed below, as at the LPD, our Board is not aware of any other material commitments which upon becoming enforceable may have a material impact on our Group's financial position.

	RM'000
Approved and contracted for	<u>1,800</u>

The above capital commitments will be funded by internally generated funds and / or bank borrowings.

## 10. INSTRUCTIONS FOR ACCEPTANCE, PAYMENT AND EXCESS APPLICATION

Full instructions for the acceptance of and payment for the Provisional Rights Shares with Warrants as well as Excess Rights Shares with Warrants Application and the procedures to be followed should you and / or your transferee(s) and / or your renounee(s) (if applicable) wish to sell or transfer all or any part of your / his rights entitlement are set out in this Abridged Prospectus and the RSF. You and / or your transferee(s) and / or your renounee(s) (if applicable) are advised to read this Abridged Prospectus, the RSF and the notes and instructions printed therein carefully. In accordance with the CMSA, the RSF must not be circulated unless accompanied by this Abridged Prospectus.

Acceptance and / or payment for the Provisional Rights Shares with Warrants which do not conform strictly to the terms of this Abridged Prospectus, the RSF and the notes and instructions printed therein or which are illegible may be rejected at the absolute discretion of our Board.

### 10.1 General

As an Entitled Shareholder, your CDS Account will be duly credited with the number of Provisional Rights Shares with Warrants which you are entitled to subscribe for under the terms and conditions of the Rights Issue with Warrants. You will find enclosed with this Abridged Prospectus, the NPA notifying you of the crediting of such Provisional Rights Shares with Warrants into your CDS Account and the RSF to enable you to subscribe for such Rights Shares with Warrants that you have been provisionally allotted as well as to apply for Excess Rights Shares with Warrants if you choose to do so. This Abridged Prospectus and the RSF are also available at our registered office, our Share Registrar or on Bursa Securities' website (<http://www.bursamalaysia.com>).

### 10.2 NPA

The Provisional Rights Shares with Warrants are prescribed securities under Section 14(5) of the SICDA and therefore, all dealings in the NPA will be by book entries through CDS Accounts and will be governed by the SICDA and the Rules of Bursa Depository. As an Entitled Shareholder, you and / or your transferee(s) and / or your renounee(s) (if applicable) are required to have valid and subsisting CDS Accounts when making the applications.

### 10.3 Procedures for acceptance and payment

Acceptance of and payment for the Provisional Rights Shares with Warrants must be made on the RSF issued together with this Abridged Prospectus and must be completed in accordance with the notes and instructions contained therein. Acceptances which do not strictly conform to the terms and conditions of this Abridged Prospectus or the RSF or the notes and instructions contained in these documents or which are illegible may not be accepted at the absolute discretion of our Board.

**FULL INSTRUCTIONS FOR THE ACCEPTANCE OF AND PAYMENT FOR THE PROVISIONAL RIGHTS SHARES WITH WARRANTS AND THE PROCEDURES TO BE FOLLOWED SHOULD YOU WISH TO SELL OR TRANSFER ALL OR ANY PART OF YOUR ENTITLEMENT ARE SET OUT IN THIS ABRIDGED PROSPECTUS AND THE ACCOMPANYING RSF. YOU ARE ADVISED TO READ THIS ABRIDGED PROSPECTUS AND THE ACCOMPANYING RSF AND THE NOTES AND INSTRUCTIONS CONTAINED THEREIN CAREFULLY.**



If you wish to accept all or part of your entitlement to the Provisional Rights Shares with Warrants, please complete Parts I(A) and II of the RSF in accordance with the notes and instructions contained in the RSF. Each completed and signed RSF with the relevant payment must be despatched by ORDINARY POST, COURIER or DELIVERED BY HAND (at your own risk) to our Share Registrar, SharesWork Sdn Bhd, to the following address:-

ShareWorks Sdn Bhd  
2-1, Jalan Sri Hartamas 8  
Sri Hartamas  
50480 Kuala Lumpur  
Wilayah Persekutuan (KL)  
Tel +603 6201 1120  
Fax : +603 6201 3121 / 6201 5959

so as to arrive not later than 5.00 p.m. on 7 November 2014, being the Closing Date.

If you lose, misplace or for any other reasons require another copy of the RSF, you may obtain additional copies of the RSF from our registered office, our Share Registrar or Bursa Securities' website (<http://www.bursamalaysia.com>).

Only one (1) RSF must be used for acceptance of the Provisional Rights Shares with Warrants standing to the credit of one (1) CDS Account. Separate RSFs must be used for the acceptance of Provisional Rights Shares with Warrants standing to the credit of more than one (1) CDS Account. The Rights Shares with Warrants accepted by you will be credited into the CDS Account(s) where the Provisional Rights Shares with Warrants are standing to the credit.

Successful applicants to the Rights Shares will be given the Warrants on the basis of one (1) Warrant for every two (2) Rights Shares successfully subscribed for. The minimum number of Rights Shares with Warrants that can be accepted is two (2) Rights Shares with one (1) Warrant. However, you should take note that a trading board lot comprises 100 Shares. Fractions of a Rights Share and / or Warrant arising from the Rights Issue with Warrants will be dealt with as our Board may at its absolute discretion deem fit and expedient and in the best interest of our Company.

A reply envelope is enclosed with this Abridged Prospectus. To facilitate the processing of the RSFs by our Share Registrar, you are advised to use one (1) reply envelope for each completed RSF.

Each completed RSF must be accompanied by the appropriate remittance in RM for the full amount payable for the Rights Shares with Warrants accepted in the form of Banker's Draft or Cashier's Order or Money Order or Postal Order drawn on a bank or post office in Malaysia and made payable to "Y&G RIGHTS ISSUE ACCOUNT", crossed "ACCOUNT PAYEE ONLY" and **endorsed on the reverse side with your name in block letters, contact number, address and your CDS Account number to be received by our Share Registrar by Closing Date.** The payment must be made for the exact amount payable for the Rights Shares with Warrants accepted. Any excess or insufficient payment may be rejected at the absolute discretion of our Board. Cheques or other mode(s) of payment are not acceptable.

**APPLICATIONS ACCOMPANIED BY PAYMENTS OTHER THAN IN THE MANNER STATED ABOVE OR WITH EXCESS OR INSUFFICIENT REMITTANCES MAY OR MAY NOT BE ACCEPTED AT THE ABSOLUTE DISCRETION OF OUR BOARD.**

**NO ACKNOWLEDGEMENT WILL BE ISSUED FOR THE RECEIPT OF THE RSF OR THE APPLICATION MONIES IN RESPECT OF THE RIGHTS ISSUE WITH WARRANTS. HOWEVER, IF YOUR APPLICATION IS SUCCESSFUL, A NOTICE OF ALLOTMENT WILL BE DESPATCHED TO YOU BY ORDINARY POST TO THE ADDRESS AS SHOWN ON OUR RECORD OF DEPOSITORS AT YOUR OWN RISK WITHIN EIGHT (8) MARKET DAYS FROM THE CLOSING DATE OR SUCH OTHER PERIOD AS MAY BE PRESCRIBED BY BURSA SECURITIES.**

**APPLICATIONS SHALL NOT BE DEEMED TO HAVE BEEN ACCEPTED BY REASON OF THE REMITTANCE BEING PRESENTED FOR PAYMENT. OUR BOARD RESERVES THE RIGHT NOT TO ACCEPT ANY APPLICATION OR TO ACCEPT ANY APPLICATION IN PART ONLY WITHOUT ASSIGNING ANY REASON THEREFOR.**

**YOU SHOULD NOTE THAT ALL RSF AND REMITTANCES LODGED WITH OUR SHARE REGISTRAR WILL BE IRREVOCABLE AND CANNOT SUBSEQUENTLY BE WITHDRAWN.**

**IN RESPECT OF UNSUCCESSFUL OR PARTIALLY ACCEPTED APPLICATIONS, THE FULL AMOUNT OR THE SURPLUS APPLICATION MONIES, AS THE CASE MAY BE, WILL BE REFUNDED WITHOUT INTEREST BY ORDINARY POST TO THE ADDRESS AS SHOWN ON OUR RECORD OF DEPOSITORS AT YOUR OWN RISK WITHIN FIFTEEN (15) MARKET DAYS FROM THE CLOSING DATE.**

**ALL RIGHTS SHARES AND WARRANTS TO BE ISSUED PURSUANT TO THE RIGHTS ISSUE WITH WARRANTS WILL BE ALLOTTED BY WAY OF CREDITING THE RIGHTS SHARES AND WARRANTS INTO THE CDS ACCOUNTS OF THE SUCCESSFUL APPLICANTS. NO PHYSICAL SHARE CERTIFICATES OR WARRANT CERTIFICATES WILL BE ISSUED.**

If acceptance of and payment for the Provisional Rights Shares with Warrants allotted to you (whether in full or in part, as the case may be) are not received by our Share Registrar by 5.00 p.m. on 7 November 2014, being the Closing Date, the provisional entitlement to you or remainder thereof (as the case may be) will be deemed to have been declined and will be cancelled. Proof of time of postage shall not constitute proof of time of receipt by our Share Registrar.

Our Board will then have the right to allot such Rights Shares with Warrants not taken up to applicants applying for the Excess Rights Shares with Warrants in the manner as set out in Section 10.6 of this Abridged Prospectus.

#### **10.4 Procedures for part acceptance**

You are entitled to accept part of your entitlement of the Provisional Rights Shares with Warrants PROVIDED ALWAYS that:-

- (i) the minimum number of Rights Shares with Warrants that may be accepted is two (2) Rights Shares with one (1) Warrant; and
- (ii) any part acceptance shall be in the proportion of two (2) Rights Shares with one (1) Warrant.

**WHEN YOU ACCEPT ONLY PART OF YOUR PROVISIONAL RIGHTS SHARES WITH WARRANTS, YOU WILL AUTOMATICALLY BE ACCEPTING BOTH THE RIGHTS SHARES AND WARRANTS IN THE PROPORTION OF TWO (2) RIGHTS SHARES WITH ONE (1) WARRANT. YOU CANNOT ACCEPT THE PROVISIONALLY ALLOTTED RIGHTS SHARES WITH WARRANTS IN ANY OTHER PROPORTIONS.**

You must complete both Part I(A) of the RSF by specifying the number of Rights Shares with Warrants which you are accepting (in the stipulated proportions) and Part II of the RSF and deliver the completed and signed RSF together with the relevant payment to our Share Registrar in the same manner as set out in Section 10.3 of this Abridged Prospectus.

**YOU ARE ADVISED TO READ AND ADHERE TO THE RSF AND THE NOTES AND INSTRUCTIONS CONTAINED IN THE RSF.**

#### **10.5 Procedures for sale or transfer of Provisional Rights Shares with Warrants**

The Provisional Rights Shares with Warrants are renounceable and will be traded on Bursa Securities commencing 24 October 2014 up to and including 30 October 2014. As such, you may sell or transfer all or part of your entitlement to the Rights Shares with Warrants.

As the Provisional Rights Shares with Warrants are prescribed securities, should you wish to sell or transfer all or part of your entitlement to the Provisional Rights Shares with Warrants to one (1) or more persons, you may do so through your stockbroker without first having to request us for a split of the Provisional Rights Shares with Warrants standing to the credit of your CDS Account. To sell or transfer all or part of your entitlement to the Provisional Rights Shares with Warrants, you may sell such entitlement on the open market for the period up to the last date and time for sale of the Provisional Rights Shares with Warrants (in accordance with the Rules of Bursa Depository) or transfer such entitlement to such persons as may be allowed under the Rules of Bursa Depository for the period up to the last date and time for transfer of the Provisional Rights Shares with Warrants (in accordance with the Rules of Bursa Depository).

**YOU ARE ADVISED TO READ AND ADHERE TO THE RSF AND THE NOTES AND INSTRUCTIONS CONTAINED IN THE RSF. IN SELLING OR TRANSFERRING ALL OR PART OF YOUR PROVISIONAL RIGHTS SHARES WITH WARRANTS, YOU ARE NOT REQUIRED TO DELIVER ANY DOCUMENT TO YOUR STOCKBROKER. YOU ARE HOWEVER ADVISED TO ENSURE THAT YOU HAVE SUFFICIENT NUMBER OF PROVISIONAL RIGHTS SHARES WITH WARRANTS STANDING TO THE CREDIT OF YOUR CDS ACCOUNT BEFORE SELLING OR TRANSFERRING.**

If you have sold or transferred only part of the Provisional Rights Shares with Warrants, you may still accept the balance of the Provisional Rights Shares with Warrants by completing Parts I(A) and II of the RSF. Please refer to Section 10.3 of this Abridged Prospectus for the procedures for acceptance and payment.

**YOU SHOULD NOTE THAT ALL RSF AND REMITTANCES SO LODGED WITH OUR SHARE REGISTRAR WILL BE IRREVOCABLE AND CANNOT SUBSEQUENTLY BE WITHDRAWN.**

#### **10.6 Procedures for the Excess Rights Shares with Warrants Application**

If you wish to apply for additional Rights Shares with Warrants in excess of your entitlement, you may do so by completing Part I(B) of the RSF (in addition to Parts I(A) and II) and forwarding it with a separate remittance made in RM for the full amount payable on the Excess Rights Shares with Warrants applied for, to our Share Registrar so as to arrive not later than **5.00 p.m. on 7 November 2014**, being the Closing Date.

Payment for the Excess Rights Shares with Warrants applied for should be made in the same manner described in Section 10.3 of this Abridged Prospectus except that the Banker's Draft or Cashier's Order or Money Order or Postal Order drawn on a bank or post office in Malaysia be made payable to "Y&G EXCESS RIGHTS ISSUE ACCOUNT", crossed "ACCOUNT PAYEE ONLY" and **endorsed on the reverse side with your name in block letters, contact number, address and your CDS Account number to be received by our Share Registrar by Closing Date.** The payment must be made for the exact amount payable for the Excess Rights Shares with Warrants applied. Any excess or insufficient payment may be rejected at the absolute discretion of our Board. Cheques or other mode(s) of payment are not acceptable.

It is the intention of our Board to allot the Excess Rights Shares with Warrants, if any, on a fair and equitable basis and in the following priority:-

- (i) firstly, to minimise the incidence of odd lots;
- (ii) secondly, to enhance our public shareholding spread by allocating Excess Rights Shares with Warrants to Entitled Shareholders, transferee(s) and/or renouncee(s) who are deemed public according to fixed allocation bands to be determined later based on the quantum of Excess Rights Shares with Warrants applied for;
- (iii) thirdly, for allocation to Entitled Shareholders who have applied for Excess Rights Shares with Warrants on a pro-rata basis and in board lots, calculated based on their respective shareholdings as at the Entitlement Date; and
- (iv) fourthly, the remaining balance (if any) for allocation to transferee(s) and / or renouncee(s) (if applicable), who have applied for Excess Rights Shares with Warrants on a pro-rata basis and in board lots, calculated based on the quantum of Excess Rights Shares with Warrants applied for.

Nevertheless, our Board reserves the right to allot any Excess Rights Shares with Warrants applied for under Part I(B) of the RSF in such manner as it deems fit and expedient and in the best interest of our Company subject always to such allocation being made on a fair and equitable basis and that the intention of our Board set out above is achieved. Our Board also reserves the right to accept any Excess Rights Shares with Warrants Application, in full or in part, without assigning any reason.

**APPLICATIONS ACCOMPANIED BY PAYMENTS OTHER THAN IN THE MANNER STATED ABOVE OR WITH EXCESS OR INSUFFICIENT REMITTANCES MAY OR MAY NOT BE ACCEPTED AT THE ABSOLUTE DISCRETION OF OUR BOARD.**

**NO ACKNOWLEDGEMENT WILL BE ISSUED FOR THE RECEIPT OF THE EXCESS RIGHTS SHARES WITH WARRANTS APPLICATION OR THE APPLICATION MONIES IN RESPECT THEREOF. PROOF OF TIME OF POSTAGE SHALL NOT CONSTITUTE PROOF OF TIME OF RECEIPT BY OUR SHARE REGISTRAR. HOWEVER, IF YOUR APPLICATION IS SUCCESSFUL, A NOTICE OF ALLOTMENT WILL BE DESPATCHED TO YOU BY ORDINARY POST TO THE ADDRESS AS SHOWN ON OUR RECORD OF DEPOSITORS AT YOUR OWN RISK WITHIN EIGHT (8) MARKET DAYS FROM THE CLOSING DATE OR SUCH OTHER PERIOD AS MAY BE PRESCRIBED BY BURSA SECURITIES.**

**EXCESS RIGHTS SHARES WITH WARRANTS APPLICATIONS SHALL NOT BE DEEMED TO HAVE BEEN ACCEPTED BY REASON OF THE REMITTANCE BEING PRESENTED FOR PAYMENT. OUR BOARD RESERVES THE RIGHT NOT TO ACCEPT ANY SUCH APPLICATION OR TO ACCEPT ANY SUCH APPLICATION IN PART ONLY WITHOUT ASSIGNING ANY REASON.**

**IN RESPECT OF UNSUCCESSFUL OR PARTIALLY SUCCESSFUL EXCESS RIGHTS SHARES WITH WARRANTS APPLICATIONS, THE FULL AMOUNT OR THE SURPLUS APPLICATION MONIES, AS THE CASE MAY BE, WILL BE REFUNDED WITHOUT INTEREST BY ORDINARY POST TO THE ADDRESS AS SHOWN ON OUR RECORD OF DEPOSITORS AT YOUR OWN RISK WITHIN FIFTEEN (15) MARKET DAYS FROM THE CLOSING DATE.**

**10.7 Procedures to be followed by transferees and / or renounees**

As a transferee and / or renounee, the procedures for acceptance, selling or transferring of Provisional Rights Shares with Warrants, applying for the Excess Rights Shares with Warrants and / or payment is the same as that which is applicable to Entitled Shareholders as described in Sections 10.3 to 10.6 of this Abridged Prospectus. Please refer to the relevant sections for the procedures to be followed.

If you wish to accept the Provisional Rights Shares with Warrants, you may obtain a copy of this Abridged Prospectus and the RSF from our registered office, our Share Registrar or Bursa Securities' website (<http://www.bursamalaysia.com>).

**TRANSFEREES AND / OR RENOUNNEES ARE ADVISED TO READ AND ADHERE TO THE RSF AND THE NOTES AND INSTRUCTIONS CONTAINED IN THE RSF.**

**10.8 CDS Account**

Bursa Securities has already prescribed our Shares listed on the Main Market of Bursa Securities to be deposited with Bursa Depository. Accordingly, the Rights Shares and Warrants are prescribed securities and as such, all dealings in the Rights Shares with Warrants shall be subject to the SICDA and the Rules of Bursa Depository. You must have a valid and subsisting CDS Account in order to subscribe for the Rights Shares with Warrants. Failure to comply with these specific instructions or inaccuracy of the CDS Account number may result in your application being rejected.

Your subscription for the Rights Shares with Warrants shall mean consent to receive such Rights Shares and Warrants as deposited securities which will be credited directly into your CDS Account. No physical share certificates or warrant certificates will be issued.

All Excess Rights Shares with Warrants allotted shall be credited directly into the CDS Accounts of successful applicants.

If you have multiple CDS Accounts into which the Provisional Rights Shares with Warrants have been credited, you cannot use a single RSF for subscription of all these Provisional Rights Shares with Warrants. Separate RSFs must be used for separate CDS Accounts. If successful, the Rights Shares and Warrants that you subscribed for will be credited into the CDS Accounts where the Provisional Rights Shares with Warrants are standing to the credit.

**10.9 Foreign-Addressed Shareholders**

The Documents have not been (and will not be) made to comply with the laws of any foreign country or jurisdiction, and have not been (and will not be) lodged, registered or approved under any applicable securities or equivalent legislation (or with or by any regulatory authority or other relevant body) of any country or jurisdiction other than Malaysia.

The distribution of the Documents, as well as the acceptance of the Provisional Rights Shares with Warrants and the subscription for or the acquisition of the Rights Shares with Warrants may be restricted or prohibited (either absolutely or subject to various relevant securities requirements, whether legal or administrative, being complied with) in certain countries or jurisdiction under the relevant laws of those countries or jurisdictions.

The Documents are not intended to be (and will not be) issued, circulated or distributed and the Rights Issue with Warrants will not be made or offered or deemed made or offered, in any country or jurisdiction other than Malaysia or to persons who are or may be subject to the laws of any country or jurisdiction other than the laws of Malaysia. The Rights Issue with Warrants to which this Abridged Prospectus relates is only available to persons receiving the Documents or otherwise within Malaysia.

As a result, the Documents have not been (and will not be) sent to our Foreign Addressed Shareholders. However, Foreign Addressed Shareholders may collect the Documents from our Share Registrar at 2-1, Jalan Sri Hartamas 8, Sri Hartamas, 50480 Kuala Lumpur, Wilayah Persekutuan (KL), Malaysia, who will be entitled to request such evidence as it deems necessary to satisfy itself as to the identity and authority of the person collecting the Documents.

If you are a Foreign Addressed Shareholder, our Company will not make or be bound to make any enquiry as to whether you have an address or an address for service in Malaysia if not otherwise stated in our Record of Depositors as at the Entitlement Date and will not accept or be deemed to accept any liability whether or not any enquiry or investigation is made in connection therewith. Our Company will assume that the Rights Issue with Warrants and the acceptance thereof by you would be in compliance with the terms and conditions of the Rights Issue with Warrants and would not be in breach of the laws of any jurisdiction. Our Company will further assume that you had accepted the Rights Issue with Warrants in Malaysia and will at all applicable times be subject to the laws of Malaysia.

The foreign Entitled Shareholder and / or his transferee(s) and / or his renounee(s) (if applicable) may only accept or renounce all or any part of their entitlements and exercise any other rights in respect of the Rights Issue with Warrants to the extent that it would be lawful to do so, and our Company, our Board and officers, AmInvestment Bank, Newfields and / or other experts ("**Parties**"), would not in connection with the Rights Issue with Warrants, be in breach of the laws of any country or jurisdiction to which the foreign Entitled Shareholder and / or his transferee(s) and / or his renounee(s) (if applicable) is or might be subject to. The foreign Entitled Shareholder and / or his transferee(s) and / or his renounee(s) (if applicable) shall be solely responsible to seek advice from their legal and / or professional advisers as to the laws of the countries or jurisdictions to which they are or might be subject to.

The Parties shall not accept any responsibility or liability in the event any acceptance or renunciation made by any foreign Entitled Shareholder and / or his transferee(s) and / or his renounee(s) (if applicable) is or shall become unlawful, unenforceable, voidable or void in any such country or jurisdiction. The foreign Entitled Shareholder and / or his transferee(s) and / or his renounee(s) (if applicable) will also have no claims whatsoever against the Parties in respect of their entitlements or to any net proceeds thereof.

Our Company reserves the right, in our absolute discretion, to treat any acceptances as invalid, if we believe that such acceptance may violate applicable legal or regulatory requirements. The Provisional Rights Shares with Warrants relating to any acceptance which is treated as invalid will be included in the pool of Excess Rights Shares with Warrants available for excess application by other Entitled Shareholders and / or their transferee(s) and / or their renounee(s).

Each person, by accepting the delivery of the Documents, accepting any Provisional Rights Shares with Warrants by signing any of the forms accompanying this Abridged Prospectus or subscribing for or acquiring the Rights Shares with Warrants will be deemed to have represented, warranted, acknowledged and agreed in favour of (and which representations, warranties, acknowledgements and agreements will be relied upon by) the Parties as follows:-

- (i) the Parties would not, by acting on the acceptance or renunciation in connection with the Rights Issue with Warrants, be in breach of the laws of any jurisdiction to which the Entitled Shareholder and / or his transferee(s) and / or his renounee(s) is or might be subject to;
- (ii) the foreign Entitled Shareholder and / or his transferee(s) and / or his renounee(s) has complied with the laws to which the foreign Entitled Shareholder and / or his transferee(s) and / or his renounee(s) is or might be subject to in connection with the acceptance or renunciation;
- (iii) the foreign Entitled Shareholder and / or his transferee(s) and / or his renounee(s) is not a nominee or agent of a person in respect of whom the Parties would, by acting on the acceptance or renunciation of the Provisional Rights Shares with Warrants, be in breach of the laws of any jurisdiction to which that person is or might be subject to;
- (iv) the foreign Entitled Shareholder and / or his transferee(s) and / or his renounee(s) is aware that the Rights Shares and Warrants can only be transferred, sold or otherwise disposed of, or charged, hypothecated or pledged in accordance with all applicable laws in Malaysia;
- (v) the foreign Entitled Shareholder and / or his transferee(s) and / or his renounee(s) has obtained a copy of this Abridged Prospectus and has had access to such financial and other information and has been provided the opportunity to ask such questions to the representatives of the Parties and receive answers thereto as the foreign Entitled Shareholder and / or his transferee(s) and / or his renounee(s) deem necessary in connection with the foreign Entitled Shareholder and / or his transferee and / or his renounee's decision to subscribe for or purchase the Rights Shares and Warrants; and
- (vi) the foreign Entitled Shareholder and / or his transferee(s) and / or his renounee(s) has sufficient knowledge and experience in financial and business matters to be capable of evaluating the merits and risks of subscribing or purchasing the Rights Shares and Warrants, and is and will be able, and is prepared to bear the economic and financial risks of investing in and holding the Rights Shares and Warrants.

**NOTWITHSTANDING ANYTHING HEREIN, THE FOREIGN ENTITLED SHAREHOLDERS AND ANY OTHER PERSON HAVING POSSESSION OF THIS ABRIDGED PROSPECTUS AND / OR ITS ACCOMPANYING DOCUMENTS ARE ADVISED TO INFORM THEMSELVES OF AND TO OBSERVE ANY LEGAL REQUIREMENTS APPLICABLE THERETO. NO PERSON IN ANY TERRITORY OUTSIDE OF MALAYSIA RECEIVING THIS ABRIDGED PROSPECTUS AND / OR ITS ACCOMPANYING DOCUMENTS MAY TREAT THE SAME AS AN OFFER, INVITATION OR SOLICITATION TO SUBSCRIBE FOR OR ACQUIRE ANY RIGHTS SHARES AND WARRANTS UNLESS SUCH OFFER, INVITATION OR SOLICITATION COULD LAWFULLY BE MADE WITHOUT COMPLIANCE WITH ANY REGISTRATION OR OTHER REGULATORY OR LEGAL REQUIREMENTS ON SUCH TERRITORY.**

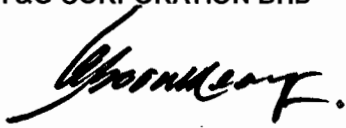
**11. TERMS AND CONDITIONS**

The issuance of the Rights Shares and Warrants pursuant to the Rights Issue with Warrants is governed by the terms and conditions set out in this Abridged Prospectus, and the accompanying NPA and RSF.

**12. FURTHER INFORMATION**

You are advised to refer to the attached Appendices for further information.

Yours faithfully  
For and on behalf of our Board  
**Y&G CORPORATION BHD**



**LEE BOON HONG @ LEE BOON KEONG**  
Independent Non-Executive Chairman



**CERTIFIED TRUE EXTRACT OF THE ORDINARY RESOLUTION PERTAINING TO THE RIGHTS ISSUE WITH WARRANTS PASSED AT OUR EGM CONVENED ON 11 APRIL 2014**

**Y&G CORPORATION BHD**

(Company No.: 6403-X) (Incorporated in Malaysia)

**CERTIFIED TRUE EXTRACT OF MINUTES OF THE EXTRAORDINARY GENERAL MEETING PASSED ON 11 APRIL 2014**

**ORDINARY RESOLUTION 6**

**PROPOSED RENOUNCEABLE RIGHTS ISSUE OF UP TO 30,773,800 NEW Y&G SHARES ("RIGHTS SHARE(S)") TOGETHER WITH UP TO 15,386,900 NEW DETACHABLE WARRANTS ON THE BASIS OF TWO (2) RIGHTS SHARES TOGETHER WITH ONE (1) WARRANT FOR EVERY TEN (10) EXISTING Y&G SHARES HELD BY THE ENTITLED SHAREHOLDERS ON THE ENTITLEMENT DATE ("PROPOSED RIGHTS ISSUE WITH WARRANTS")**

**RESOLVED THAT**, subject to the passing of Ordinary Resolutions 5 and 7, and subject to the approvals of all the relevant authorities or parties being obtained (if required), the Board is hereby authorised to:-

- (i) create and issue 30,773,800 Rights Shares together with up to 15,386,900 Warrants on the basis of two (2) Rights Share together with one (1) Warrant for every ten (10) existing Y&G Shares held by the Entitled Shareholders on the Entitlement Date;
- (ii) create and issue the Warrants based on the indicative salient terms as set out in the Appendix X of the Circular and the terms and conditions of a Deed Poll; and
- (iii) allot and issue such number of new Y&G Shares credited as fully paid-up pursuant to the exercise of the Warrants;

**AND THAT** the Board is hereby authorised to enter into and execute the Deed Poll constituting the Warrants and all certificates, agreements, notices and communications pertaining thereto with full powers to assent to any conditions, variations, modifications and/or amendments in any manner as may be required or permitted by the relevant authorities or deemed necessary by the Board, and with full powers to implement, finalise and give full effect to the terms and conditions of the Deed Poll;

**AND THAT** the Rights Shares and the new Y&G Shares to be issued pursuant to the exercise of the Warrants shall, upon allotment and issuance, rank *pari passu* in all respects with each other and with the then existing Y&G Shares, save and except that they shall not be entitled to any dividends, rights, allotments and/or any other distributions which may be declared, made or paid to the shareholders of Y&G, the entitlement date of which is prior to the date of allotment of the Rights Shares and/or such new Y&G Shares arising from the exercise of the Warrants (as the case may be);

**AND THAT** the Board be and is hereby authorised to deal with any fractional entitlements that may arise from the Proposed Rights Issue with Warrants in such manner and on such terms and conditions as the Board shall at its absolute discretion deems fit, necessary and/or expedient and in the best interest of the Company (including without limitation to disregard such fractional entitlements);

**AND THAT** the Directors be and are hereby authorised to allot and issue such additional Warrants as may be required or permitted to be issued pursuant to any adjustments under the terms and provisions of the Deed Poll and to be dealt with in such manner as the Directors shall at their absolute discretion deem fit and in the best interest of the Company;

**CERTIFIED TRUE EXTRACT OF THE ORDINARY RESOLUTION PERTAINING TO THE RIGHTS ISSUE WITH WARRANTS PASSED AT OUR EGM CONVENED ON 11 APRIL 2014 (CONT'D)**

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**Y&G Corporation Bhd (6403-X)**

*Certified True Extract of the Minutes of EGM held on 11 April 2014*

**AND THAT** any Rights Shares which are not taken up or not validly taken up shall be made available for excess applications by the other Entitled Shareholders. It is the intention of the Board to allocate the excess Rights Shares in a fair and equitable manner and on such basis as it may deem fit or expedient in the best interest of the Company, to be determined by the Board and announced later by the Company;

**AND THAT** the Directors be and are hereby authorised to utilise the proceeds to be derived from the Proposed Rights Issue with Warrants as set out in the Circular and the Board be authorised with full power to vary the manner and/or purpose of the utilisation of such proceeds from the Proposed Rights Issue with Warrants in the manner as the Board may deemed fit, necessary and/or expedient, subject (where required) to the approval of the relevant authorities and in the best interest of the Company;

**AND THAT** the Board be and is hereby authorised and empowered to give full effect to the Proposed Rights Issue with Warrants with full power to assent to and accept any conditions, modifications, variations arrangements and/or amendments in any manner as may be required /permitted by the relevant authorities or deemed necessary by the Board and to sign, execute and deliver on behalf of the Company all such other documents, including all certificates, agreements, notices and communications pertaining thereto with any party or parties and to take all such steps and to do all acts and things as they may deem fit, necessary and/or expedient (including fixing the final exercise price of the Warrants) in order to implement, finalise and give full effect to the Proposed Rights Issue with Warrants.

**CERTIFIED BY:**



.....  
**LEE BOON HONG @ LEE BOON KEONG**  
Director



.....  
**WONG KEO ROU**  
(MAICSA 7021435)  
Secretary

Date: 11 April 2014

## INFORMATION ON OUR COMPANY

### 1. HISTORY AND PRINCIPAL ACTIVITIES

Our Company was incorporated on 24 December 1965 under the Companies Ordinance, 1940 to 1949 as a limited company in Malaysia under the name of I.C.I. Chemical Distributors (Malaysia) Limited.

We changed our name from I.C.I. Chemical Distributors (Malaysia) Limited to I.C.I. (Malaysia) Limited on 6 April 1966. On 15 April 1966, our name was changed from I.C.I. (Malaysia) Limited to I.C.I. (Malaysia) Sdn Berhad under the Act. On 30 September 1970, our name was changed from I.C.I. (Malaysia) Sdn Berhad to I.C.I. Chemical Distributors (Malaysia) Sdn Berhad. On 15 May 1987, our name was changed to ICI Agrochemicals (Malaysia) Sdn Bhd.

On 18 February 1995, our name was changed to CCM Bioscience Sdn Bhd. On 22 August 1996, we were converted into a public limited company under the name of CCM Bioscience Berhad and listed on the Main Market of Bursa Securities on 1 August 1997. On 30 June 2001, our name was changed to Merces Holdings Berhad following our acquisition of a property development and construction business and disposal of our entire agrochemicals business.

Subsequently, we changed our name to the current name of Y&G Corporation Bhd on 24 June 2008 to reflect a new corporate image and branding with the aim of expanding our products and services nationwide.

Our principal activities are investment holding, property construction and management services. The principal activities of our subsidiaries are disclosed in Section 5, Appendix II of this Abridged Prospectus.

### 2. SHARE CAPITAL

Our Company's authorised share capital, and issued and paid-up share capital as at the LPD are as follows:-

	<b>No. of Shares</b>	<b>Par value RM</b>	<b>Total RM</b>
Authorised share capital	450,000,000	1.00	450,000,000
Issued and paid-up share capital	153,869,000	1.00	153,869,000
Authorised ICPS	50,000,000	1.00	50,000,000
Issued and paid-up ICPS	-	-	-

**INFORMATION ON OUR COMPANY (CONT'D)**

Details of the changes in our Company's issued and fully paid-up share capital for the last three (3) years up to the LPD are as follows:-

<b>Date of allotment</b>	<b>No. of Shares allotted / reduced / consolidated</b>	<b>Par Value RM</b>	<b>Consideration / Type of Issue</b>	<b>Cumulative issued and paid-up share capital RM</b>
05.12.2011	12,750,000	1.00	Capital reduction and consolidation <sup>(1)</sup>	12,750,000
30.12.2011	141,119,000	1.00	Consideration for acquisition of properties	153,869,000

Note:-

- (1) Capital reduction from RM51,000,000 comprising of 51,000,000 ordinary shares of RM1.00 each to RM12,750,000 comprising of 51,000,000 ordinary shares of RM0.25 each and consolidation of four (4) resultant ordinary shares of RM0.25 each after capital reduction into one (1) ordinary share of RM1.00 each.

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## INFORMATION ON OUR COMPANY (CONT'D)

## 3. Substantial Shareholders' Shareholdings

Based on our Record of Depositors as at the LPD, the shareholdings of the substantial Shareholders of our Company as at the LPD and the proforma effects of the Corporate Exercises are set out below.

## Minimum Scenario:

Shareholders	Shareholdings as at the LPD				I Rights Issue with Warrants				II After I and Private Placement with Warrants			
	Direct		Indirect		Direct		Indirect		Direct		Indirect	
	No. of Shares (‘000)	%	No. of Shares (‘000)	%	No. of Shares (‘000)	%	No. of Shares (‘000)	%	No. of Shares (‘000)	%	No. of Shares (‘000)	%
Kinta Aroma	106,593	69.27	-	-	127,912	71.00	-	-	127,912	65.41	-	-
Dato' Sri Yap Seng Yew	5,518	3.59	<sup>(1)</sup> 112,166	72.89	6,622	3.68	<sup>(1)</sup> 134,599	74.71	6,622	3.39	<sup>(1)</sup> 134,599	68.83
Datin Sri Gan Li Li	5,573	3.62	<sup>(2)</sup> 112,111	72.86	6,687	3.71	<sup>(2)</sup> 134,534	74.68	6,687	3.42	<sup>(2)</sup> 134,534	68.80
Dato' Yap Jun Jien	6,906	4.49	<sup>(3)</sup> 106,593	69.27	8,287	4.60	<sup>(3)</sup> 127,912	71.00	8,287	4.24	<sup>(3)</sup> 127,912	65.41
Yap Jun Wei	6,906	4.49	<sup>(3)</sup> 106,593	69.27	8,287	4.60	<sup>(3)</sup> 127,912	71.00	8,287	4.24	<sup>(3)</sup> 127,912	65.41

## INFORMATION ON OUR COMPANY (CONT'D)

Shareholders	III After II and Offer for Sale <sup>(4)</sup>				IV After III and assuming full conversion of ICPS				V After IV and assuming full exercise of Warrants			
	Direct		Indirect		Direct		Indirect		Direct		Indirect	
	No. of Shares (‘000)	%	No. of Shares (‘000)	%	No. of Shares (‘000)	%	No. of Shares (‘000)	%	No. of Shares (‘000)	%	No. of Shares (‘000)	%
Kinta Aroma	<sup>(5)</sup> 114,412	58.51	-	-	114,412	51.68	-	-	135,730	50.18	-	-
Dato’ Sri Yap Seng Yew	6,622	3.39	<sup>(1)</sup> 121,099	61.93	13,344	6.03	<sup>(1)</sup> 121,099	54.70	17,807	6.58	<sup>(1)</sup> 143,531	53.06
Datin Sri Gan Li Li	6,687	3.42	<sup>(2)</sup> 121,034	61.90	6,687	3.02	<sup>(2)</sup> 127,756	57.71	7,801	2.88	<sup>(2)</sup> 153,537	56.76
Dato’ Yap Jun Jien	8,287	4.24	<sup>(3)</sup> 114,412	58.51	16,694	7.54	<sup>(3)</sup> 114,412	51.68	22,280	8.24	<sup>(3)</sup> 135,730	50.18
Yap Jun Wei	8,287	4.24	<sup>(3)</sup> 114,412	58.51	17,264	7.80	<sup>(3)</sup> 114,412	51.68	23,135	8.55	<sup>(3)</sup> 135,730	50.18

## Notes:-

- (1) Deemed interested by virtue of his shareholdings in Kinta Aroma and his spouse, Datin Sri Gan Li Li under Section 6A of the Act.
- (2) Deemed interested by virtue of her shareholdings in Kinta Aroma and her spouse, Dato’ Sri Yap Seng Yew under Section 6A of the Act.
- (3) Deemed interested by virtue of his shareholdings in Kinta Aroma under Section 6A of the Act.
- (4) Upon completion of the Corporate Exercises, the Major Shareholders will undertake the Offer for Sale to address the shortfall in our Company’s public shareholding spread.
- (5) Assuming Offer for Sale of 13.5 million existing Y&G Shares to be undertaken by Kinta Aroma in order for Y&G to meet the Required Public Shareholding Spread.

## INFORMATION ON OUR COMPANY (CONT'D)

## Maximum Scenario:

Shareholders	Shareholdings as at the LPD				I Rights Issue with Warrants				II After I and Private Placement with Warrants			
	Direct		Indirect		Direct		Indirect		Direct		Indirect	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
	('000)		('000)		('000)		('000)		('000)		('000)	
Kinta Aroma	106,593	69.27	-	-	127,912	69.27	-	-	127,912	63.95	-	-
Dato' Sri Yap Seng Yew	5,518	3.59	<sup>(1)</sup> 112,166	72.89	6,622	3.59	<sup>(1)</sup> 134,599	72.89	6,622	3.31	<sup>(1)</sup> 134,599	67.29
Datin Sri Gan Li Li	5,573	3.62	<sup>(2)</sup> 112,111	72.86	6,687	3.62	<sup>(2)</sup> 134,534	72.86	6,687	3.34	<sup>(2)</sup> 134,534	67.26
Dato' Yap Jun Jien	6,906	4.49	<sup>(3)</sup> 106,593	69.27	8,287	4.49	<sup>(3)</sup> 127,912	69.27	8,287	4.14	<sup>(3)</sup> 127,912	63.95
Yap Jun Wei	6,906	4.49	<sup>(3)</sup> 106,593	69.27	8,287	4.49	<sup>(3)</sup> 127,912	69.27	8,287	4.14	<sup>(3)</sup> 127,912	63.95

## INFORMATION ON OUR COMPANY (CONT'D)

Shareholders	III After II and Offer for Sale <sup>(4)</sup>				IV After III and assuming full conversion of ICPS				V After IV and assuming full exercise of Warrants			
	Direct		Indirect		Direct		Indirect		Direct		Indirect	
	No. of Shares (‘000)	%	No. of Shares (‘000)	%	No. of Shares (‘000)	%	No. of Shares (‘000)	%	No. of Shares (‘000)	%	No. of Shares (‘000)	%
Kinta Aroma	<sup>(5)</sup> 116,912	58.45	-	-	116,912	51.77	-	-	138,230	49.86	-	-
Dato' Sri Yap Seng Yew	6,622	3.31	<sup>(1)</sup> 123,599	61.79	13,344	5.91	<sup>(1)</sup> 123,599	54.73	17,807	6.42	<sup>(1)</sup> 146,031	52.67
Datin Sri Gan Li Li	6,687	3.34	<sup>(2)</sup> 123,534	61.76	6,687	2.96	<sup>(2)</sup> 130,256	57.68	7,801	2.81	<sup>(2)</sup> 156,037	56.28
Dato' Yap Jun Jien	8,287	4.14	<sup>(3)</sup> 116,912	58.45	16,694	7.39	<sup>(3)</sup> 116,912	51.77	22,280	8.04	<sup>(3)</sup> 138,230	49.86
Yap Jun Wei	8,287	4.14	<sup>(3)</sup> 116,912	58.45	17,264	7.64	<sup>(3)</sup> 116,912	51.77	23,135	8.35	<sup>(3)</sup> 138,230	49.86

## Notes:-

- (1) Deemed interested by virtue of his shareholdings in Kinta Aroma and his spouse, Datin Sri Gan Li Li under Section 6A of the Act.
- (2) Deemed interested by virtue of her shareholdings in Kinta Aroma and her spouse, Dato' Sri Yap Seng Yew under Section 6A of the Act.
- (3) Deemed interested by virtue of his shareholdings in Kinta Aroma under Section 6A of the Act.
- (4) Upon completion of the Corporate Exercises, the Major Shareholders will undertake the Offer for Sale to address the shortfall in Our Company's public shareholding spread.
- (5) Assuming Offer for Sale of 11.0 million existing Y&G Shares to be undertaken by Kinta Aroma in order for Y&G to meet the Required Public Shareholding Spread.



## INFORMATION ON OUR COMPANY (CONT'D)

## 4. PARTICULARS OF DIRECTORS

## 4.1 Details of Directors

The details of our Directors as at the LPD are set out in the table below.

<u>Name</u>	<u>Age</u>	<u>Designation</u>	<u>Address</u>	<u>Nationality</u>	<u>Profession</u>
Lee Boon Hong @ Lee Boon Keong	61	Independent Non-Executive Chairman	8 Jalan Limau Besar Off Jalan Meru 41050 Klang Selangor Darul Ehsan	Malaysian	Company Director
Dato' Sri Yap Seng Yew	55	Managing Director	No. 10, Lebu Tamarind Taman Selatan 41200 Klang Selangor Darul Ehsan	Malaysian	Company Director
Datin Sri Gan Li Li	53	Deputy Managing Director	No. 10, Lebu Tamarind Taman Selatan 41200 Klang Selangor Darul Ehsan	Malaysian	Company Director
Dato' Yap Jun Jien	32	Executive Director	No. 10, Lebu Tamarind Taman Selatan 41200 Klang Selangor Darul Ehsan	Malaysian	Company Director
Mohd Shafizan Bin Shahbudin	40	Independent Non-Executive Director	No. 10, Jalan Joran Satu 19/24A, Seksyen 19 40000 Shah Alam Selangor Darul Ehsan	Malaysian	Advocate & Solicitor

## INFORMATION ON OUR COMPANY (CONT'D)

Name	Age	Designation	Address	Nationality	Profession
Tan Kak Teck	55	Independent Non-Executive Director	5, Jalan Perisa 11 Bandar Baru Sri Petaling 57000 Kuala Lumpur Wilayah Persekutuan (KL)	Malaysian	Practising Accountant

## 4.2 Details of Directors' shareholdings

Save as disclosed below, none of our Directors have any direct and / or indirect shareholdings in our Company as at the LPD.

## Minimum Scenario

Directors	Shareholdings as at the LPD				I Rights Issue with Warrants				II After I and Private Placement with Warrants			
	Direct		Indirect		Direct		Indirect		Direct		Indirect	
	No. of Shares ( <sup>'000</sup> )	%	No. of Shares ( <sup>'000</sup> )	%	No. of Shares ( <sup>'000</sup> )	%	No. of Shares ( <sup>'000</sup> )	%	No. of Shares ( <sup>'000</sup> )	%	No. of Shares ( <sup>'000</sup> )	%
Dato' Sri Yap Seng Yew	5,518	3.59	<sup>(1)</sup> 112,166	72.89	6,622	3.68	<sup>(1)</sup> 134,599	74.71	6,622	3.39	<sup>(1)</sup> 134,599	68.83
Datin Sri Gan Li Li	5,573	3.62	<sup>(2)</sup> 112,111	72.86	6,687	3.71	<sup>(2)</sup> 134,534	74.68	6,687	3.42	<sup>(2)</sup> 134,534	68.80
Dato' Yap Jun Jien	6,906	4.49	<sup>(3)</sup> 106,593	69.27	8,287	4.60	<sup>(3)</sup> 127,912	71.00	8,287	4.24	<sup>(3)</sup> 127,912	65.41
Tan Kak Teck	22	0.01	-	-	22	0.01	-	-	22	0.01	-	-

## INFORMATION ON OUR COMPANY (CONT'D)

Directors	III After II and Offer for Sale <sup>(4)</sup>				IV After III and assuming full conversion of ICPS				V After IV and assuming full exercise of Warrants			
	Direct		Indirect		Direct		Indirect		Direct		Indirect	
	No. of Shares (‘000)	%	No. of Shares (‘000)	%	No. of Shares (‘000)	%	No. of Shares (‘000)	%	No. of Shares (‘000)	%	No. of Shares (‘000)	%
Dato' Sri Yap Seng Yew	6,622	3.39	<sup>(1)</sup> 121,099	61.93	13,344	6.03	<sup>(1)</sup> 121,099	54.70	17,807	6.58	<sup>(1)</sup> 143,531	53.06
Datin Sri Gan Li Li	6,687	3.42	<sup>(2)</sup> 121,034	61.90	6,687	3.02	<sup>(2)</sup> 127,756	57.71	7,801	2.88	<sup>(2)</sup> 153,537	56.76
Dato' Yap Jun Jien	8,287	4.24	<sup>(3)</sup> 114,412	58.51	16,694	7.54	<sup>(3)</sup> 114,412	51.68	22,280	8.24	<sup>(3)</sup> 135,730	50.18
Tan Kak Teck	22	0.01	-	-	22	0.01	-	-	24	0.01	-	-

## Notes:-

- (1) Deemed interested by virtue of his shareholdings in Kinta Aroma and his spouse, Datin Sri Gan Li Li under Section 6A of the Act.
- (2) Deemed interested by virtue of her shareholdings in Kinta Aroma and her spouse, Dato' Sri Yap Seng Yew under Section 6A of the Act.
- (3) Deemed interested by virtue of his shareholdings in Kinta Aroma under Section 6A of the Act.
- (4) Assuming Offer for Sale of 13.5 million existing Y&G Shares to be undertaken by Kinta Aroma in order for Y&G to meet the Required Public Shareholding Spread.

## INFORMATION ON OUR COMPANY (CONT'D)

## Maximum Scenario:

	Shareholdings as at the LPD				I Rights Issue with Warrants				II After I and Private Placement with Warrants			
	Direct		Indirect		Direct		Indirect		Direct		Indirect	
	No. of Shares (‘000)	%	No. of Shares (‘000)	%	No. of Shares (‘000)	%	No. of Shares (‘000)	%	No. of Shares (‘000)	%	No. of Shares (‘000)	%
<b>Directors</b>												
Dato' Sri Yap Seng Yew	5,518	3.59	<sup>(1)</sup> 112,166	72.89	6,622	3.59	<sup>(1)</sup> 134,599	72.89	6,622	3.31	<sup>(1)</sup> 134,599	67.29
Datin Sri Gan Li Li	5,573	3.62	<sup>(2)</sup> 112,111	72.86	6,687	3.62	<sup>(2)</sup> 134,534	72.86	6,687	3.34	<sup>(2)</sup> 134,534	67.26
Dato' Yap Jun Jien	6,906	4.49	<sup>(3)</sup> 106,593	69.27	8,287	4.49	<sup>(3)</sup> 127,912	69.27	8,287	4.14	<sup>(3)</sup> 127,912	63.95
Tan Kak Teck	22	0.01	-	-	26	0.01	-	-	26	0.01	-	-

## INFORMATION ON OUR COMPANY (CONT'D)

Directors	III After II and Offer for Sale <sup>(4)</sup>				IV After III and assuming full conversion of ICPS				V After IV and assuming full exercise of Warrants			
	Direct		Indirect		Direct		Indirect		Direct		Indirect	
	No. of Shares (‘000)	%	No. of Shares (‘000)	%	No. of Shares (‘000)	%	No. of Shares (‘000)	%	No. of Shares (‘000)	%	No. of Shares (‘000)	%
Dato' Sri Yap Seng Yew	6,622	3.31	<sup>(1)</sup> 123,599	61.79	13,344	5.91	<sup>(1)</sup> 123,599	54.73	17,807	6.42	<sup>(1)</sup> 146,031	52.67
Datin Sri Gan Li Li	6,687	3.34	<sup>(2)</sup> 123,534	61.76	6,687	2.96	<sup>(2)</sup> 130,256	57.68	7,801	2.81	<sup>(2)</sup> 156,037	56.28
Dato' Yap Jun Jien	8,287	4.14	<sup>(3)</sup> 116,912	58.45	16,694	7.39	<sup>(3)</sup> 116,912	51.77	22,280	8.04	<sup>(3)</sup> 138,230	49.86
Tan Kak Teck	26	0.01	-	-	26	0.01	-	-	31	0.01	-	-

## Notes:-

- (1) Deemed interested by virtue of his shareholdings in Kinta Aroma and his spouse, Datin Sri Gan Li Li under Section 6A of the Act.
- (2) Deemed interested by virtue of her shareholdings in Kinta Aroma and her spouse, Dato' Sri Yap Seng Yew under Section 6A of the Act.
- (3) Deemed interested by virtue of his shareholdings in Kinta Aroma under Section 6A of the Act.
- (4) Assuming Offer for Sale of 11.0 million existing Y&G Shares to be undertaken by Kinta Aroma in order for Y&G to meet the Required Public Shareholding Spread.

## INFORMATION ON OUR COMPANY (CONT'D)

## 5. SUBSIDIARIES AND ASSOCIATED COMPANIES

Our Company's subsidiaries as at the LPD are as follows:-

<u>Company</u>	<u>Date and place of incorporation</u>	<u>Issued and paid-up share capital RM</u>	<u>Effective equity interest (%)</u>	<u>Principal activities</u>
<b><i>Subsidiaries</i></b>				
Bumida Engineering & Construction Sdn Bhd	12.03.1985 / Malaysia	1,000,000	80	Property development and construction works
Nikmat Bidara Sdn Bhd *	12.06.1996 / Malaysia	2,500,000	100	Property development
Sempurna Rampai Sdn Bhd	01.08.2005 / Malaysia	100,000	100	Construction works and general trading
Melati Purnama Sdn Bhd	02.08.2005 / Malaysia	100,000	100	Construction work
Sentosa Teliti Sdn Bhd	01.08.2005 / Malaysia	100,000	100	Construction work
Mentari Jelas Sdn Bhd	05.06.2006 / Malaysia	100,000	100	Construction work and general trading
Melia Aktif Sdn Bhd *	10.05.2006 / Malaysia	2	100	Dormant
Elemen Cepak Sdn Bhd *	22.05.2006 / Malaysia	2	100	Dormant
Beta Fame Sdn Bhd	07.09.2000 / Malaysia	1,000,000	100	Property investment
Teras Zaman Sdn Bhd	02.06.1990 / Malaysia	100,000	100	Property development
Hala Kota Development Sdn Bhd	20.02.2008 / Malaysia	5,000,000	100	Property development
<b><i>Subsidiaries of Beta Fame Sdn Bhd</i></b>				
Beta Fame Development Sdn Bhd	22.08.2007 / Malaysia	250,000	100	Property development

## INFORMATION ON OUR COMPANY (CONT'D)

<u>Company</u>	<u>Date and place of incorporation</u>	<u>Issued and paid-up share capital RM</u>	<u>Effective equity interest (%)</u>	<u>Principal activities</u>
Dataran Majujaya Sdn Bhd	05.05.2010 / Malaysia	1,000,000	100	Property investment holding
<b><i>Subsidiaries of Hala Kota Development Sdn Bhd</i></b>				
Solid Spectra Sdn Bhd	02.08.2013 / Malaysia	2	100	Dormant

Note:-

- \* The auditors' report contained an emphasis of matter paragraph as there is an indication of a material uncertainty that exists which may cast significant doubt on its ability to continue as a going concern. Our Directors are of the opinion that the significant doubts of the ability to continue as a going concern of these subsidiaries do not have any significant impact on the financial position of our Group and of our Company.

As at the LPD, we do not have any associate company.

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## INFORMATION ON OUR COMPANY (CONT'D)

## 6. PROFIT AND DIVIDEND RECORD

Our Group's audited consolidated financial statements for the three (3) FYE 31 December 2011, 31 December 2012 and 31 December 2013 and the unaudited consolidated financial statements of our Group for the FPE 30 June 2013 and FPE 30 June 2014 are as follows:-

	Audited FYE 31 December			Unaudited FPE 30 June	
	2011 RM'000	2012 RM'000	2013 RM'000	2013 RM'000	2014 RM'000
Revenue	52,420	158,926	109,880	54,243	45,184
Cost of sales	(45,299)	(135,106)	(90,429)	(42,727)	(33,416)
GP	7,121	23,820	19,451	10,516	11,768
Other income	7,615	905	5,154	346	217
Administration expenses	(551)	(2,537)	(5,145)	(2,425)	(2,509)
Selling and distribution expenses	(1,146)	(5,118)	(6,416)	(3,507)	(1,547)
Other operating expenses	(4,864)	(8,427)	(2,182)	(463)	(515)
Profit from operations	8,175	8,643	10,862	4,467	7,414
Finance costs	(138)	(240)	(525)	(514)	(8)
PBT	8,037	8,403	10,337	3,953	7,406
Tax expenses	(1,376)	(3,513)	(2,406)	(1,277)	(2,105)
<b>Profit for the financial year</b>	<b>6,661</b>	<b>4,890</b>	<b>7,931</b>	<b>2,676</b>	<b>5,301</b>
Profit attributable to:-					
Owners of the parent	6,674	4,902	7,972	2,676	5,351
Non-controlling interests	(13)	(12)	(41)	-	(50)
	<b>6,661</b>	<b>4,890</b>	<b>7,931</b>	<b>2,676</b>	<b>5,301</b>
EBITDA	8,417	8,578	10,746	4,677	7,603
GP margin (%)	13.6	15.0	17.7	19.4	26.0
Net profit margin (%)	12.7	3.1	7.2	4.9	11.7
Weighted average number of Shares in issue ('000)	76,717	153,869	153,869	153,869	153,869
EPS attributable to owners of our Company					
-Basic (sen)	8.7	3.2	5.2	1.7	3.5
-Diluted (sen)	8.7	3.2	5.2	1.7	3.5
Dividend per Share, net of tax (sen)	-	-	-	-	-



**INFORMATION ON OUR COMPANY (CONT'D)**

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**Commentaries:-****FYE 31 December 2011**

For the FYE 31 December 2011, our Group recorded an increase in total revenue of RM15.6 million or 42.4% from RM36.8 million to RM52.4 million. The improved revenue is attributable to the revenue generated from the development activities of the newly acquired and consolidated subsidiaries.

Our Group registered a higher PBT of RM8.0 million in FYE 31 December 2011 as compared to the preceding financial year of RM1.2 million, this is mainly due to improved in revenue and the recognition of RM7.2 million bargain purchase on consolidation arising from the newly acquired subsidiaries which also resulted in an improved PAT for FYE 31 December 2011, from RM0.3 million in FYE 31 December 2010 to RM6.7 million in FYE 31 December 2011.

**FYE 31 December 2012**

Our Group recorded revenue of RM158.9 million in FYE 31 December 2012, an increase by RM106.5 million or 203.2% from RM52.4 million in FYE 31 December 2011. The strong growth of the revenue is mainly due to the recognition of revenue generated from development projects such as Sri Jaromas, Laville and a high rise apartment block and retail units in Jalan Kapar, Klang.

Despite the increase in revenue, PBT only increased by RM0.4 million as compared to FYE 31 December 2011 due to recognition of RM7.2 million bargain purchase on consolidation derived from the newly acquired subsidiaries as other income in FYE 31 December 2011 and the provision for corporate guarantee of RM5.4 million made in FYE 31 December 2012. As a result, PAT for the FYE 31 December 2012 of RM4.9 million was lower by RM1.8 million or approximately 26.6 % as compared to FYE 31 December 2011 of RM6.7 million.

**FYE 31 December 2013**

Based on our audited consolidated FYE 31 December 2013, our Group recorded revenue of approximately RM109.9 million, a decrease by RM49.0 million or approximately 30.9% compared to the preceding year, this is mainly due to most of the on-going phases in Sri Jaromas, Laville and a high rise apartment block and retail units in Jalan Kapar, Klang have reached their ending stages coupled with the relatively slow development progress from its recently launched phase which were due largely to unexpected delays in securing development-related approvals coupled with some delays in awarding construction-related contracts.

Our Group's PBT increased by RM1.9 million or approximately 23.0% compared to FYE 31 December 2012 of approximately RM8.4 million mainly due to recognition of other income of RM5.2 million which included the reversal of provision for corporate guarantee amounting to RM4.0 million in relation to a legal action brought by RHB Bank Berhad against us. The legal case was closed in FYE 31 December 2013. PAT was higher at RM7.9 million in FYE 31 December 2013 as compared to RM4.9 million in FYE 31 December 2012, mainly due to higher other income which mainly consisted of the reversal of the provision for corporate guarantee despite the lower revenue recorded in FYE 31 December 2013.

**INFORMATION ON OUR COMPANY (CONT'D)**
**FPE 30 June 2014**

For the FPE 30 June 2014, our Group recorded revenue of approximately RM45.2 million, a decrease by RM9.0 million or approximately 16.7% compared to the preceding year's corresponding cumulative quarters, this is mainly due to most ongoing phases have reached their ending stages in the recent financial quarters coupled with the relatively slow development progress from its recently launched phases (i.e Rosa 2 and Tamera of Sri Jaromas) due largely to workforce shortages faced by our contractors resulting in them having to redeploy the workforce inefficiently from one phase to another.

Despite the lower revenue recorded in the FPE 30 June 2014 as compared to the preceding year's corresponding cumulative quarters, our Group's PBT and PAT increased by RM3.5 million and RM2.6 million or approximately 87.4% or 98.1% respectively compared to the PBT and PAT of the preceding year's corresponding cumulative quarters of approximately RM4.0 million and RM2.7 million respectively, mainly due to higher gross development profit contribution from the recently launched phases (i.e Rosa 2 and Tamera of Sri Jaromas) with lower operating expenses and finance costs.

**7. HISTORICAL SHARE PRICES**

The monthly highest and lowest prices of our Shares traded on Bursa Securities for the past twelve (12) months preceding the date of this Abridged Prospectus are as follows:-

	<u>Highest (RM)</u>	<u>Lowest (RM)</u>
<b>2013</b>		
October	0.85	0.645
November	0.90	0.79
December	0.955	0.80
<b>2014</b>		
January	0.88	0.81
February	1.08	0.73
March	0.93	0.81
April	0.85	0.78
May	0.92	0.76
June	0.93	0.83
July	0.83	0.81
August	0.85	0.79
September	0.83	0.83

Last transacted market price for our Shares on 12 September 2013, being the last Market Day immediately prior to the announcement, amongst others, the Rights Issue with Warrants RM0.55

The last transacted market price for our Shares on 24 September 2014, being the last trading date prior to the LPD RM0.83

The last transacted market price for our Shares on 17 October 2014, being the Market Day immediately prior to the ex-rights date for the Rights Issue with Warrants RM0.86

(Source: Bloomberg)

## DETAILS ON THE KESAS LAND ACQUISITION

### 1. Details of the KESAS Land Acquisition

The KESAS Land Acquisition involves the acquisition of the KESAS Land by HKDSB from MARDI, the registered owner for the KESAS Land, free from all encumbrances but subject to the terms and conditions of the existing category of land use and all conditions stated in the original issue document of title whether express or implied and any restriction-in-interest, for a total cash consideration of RM100.0 million, whereby the KESAS Land Purchase Consideration shall be paid to MARDI by HKDSB in the following manner:-

Payment Terms	% of KESAS Land Purchase Consideration	Timing	Amount (RM' million)
Deposit	10%	HKDSB has paid the Deposit on 17 September 2013 (inclusive of the sum of RM2.0 million only paid by HKDSB prior to the execution of the KESAS Land SPA)	10.0
Balance KESAS Land Purchase Consideration	90%	Within ninety (90) days from the Effective Date, failing which to be paid within one (1) month extension from the expiry of the Effective Date <sup>(1)</sup>	90.0
<b>Total</b>			<b>100.0</b>

Note:-

- (1) *In the event the KESAS Land SPA is terminated due to the fault of HKDSB, MARDI shall be entitled to compel specific performance of the KESAS Land SPA or treat as forfeited the sum of RM10.0 million only as agreed liquidated damages and shall refund to HKDSB all other moneys paid towards the KESAS Land Purchase Consideration. In the event the KESAS Land SPA is terminated due to the fault of MARDI, HKDSB shall be entitled at its option to compel specific performance or terminate the KESAS Land SPA whereupon MARDI shall refund and pay HKDSB all moneys paid towards the KESAS Land Purchase Consideration.*

We intend to fund the KESAS Land Acquisition via the following sources:-

Source of funding	RM'000
Bank borrowings	60,000
Proceeds arising from:-	
(i) Rights Issue with Warrants; and	<sup>(1)</sup> 25,000
(ii) Private Placement with Warrants <sup>(2)</sup>	15,000
<b>Total</b>	<b>100,000</b>

Notes:-

- (1) *Based on the minimum level of subscription after taking into account the Undertakings.*
- (2) *In the event that the amount to be raised pursuant to the Private Placement with Warrants is less than RM15.0 million, the shortfall will be funded via funds generated internally and / or bank borrowings.*

**DETAILS ON THE KESAS LAND ACQUISITION (CONT'D)**

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**2. Basis and justification of arriving at the KESAS Land Purchase Consideration**

The KESAS Land Purchase Consideration was arrived at based on a willing-buyer willing-seller basis, after taking into consideration the valuation on the KESAS Land carried out by JLW. The KESAS Land is located within an area zoned for residential use. As such, it is valued as an agriculture land with development potential. The Valuer had assessed the market value of the KESAS Land at RM270.0 million as at 24 April 2014, based on the comparison and residual methods of valuation.

The KESAS Land Purchase Consideration represents 37.0% of the market value ascribed by the Valuer of RM270.0 million.

Our Board has also taken into consideration the following:-

- (i) the potential appreciation in value upon conversion of the KESAS Land from agriculture to such other relevant category of land use as per our plan for the KESAS Land Development upon completion of the KESAS Land Acquisition; and
- (ii) the potential benefits from the development prospects of the KESAS Land in view of its strategic location as the KESAS Land is situated within the vicinity of major township developments such as Alam Impian, Kota Kemuning and Bukit Rimau, which are located about four (4) km due north-east and east of the KESAS Land respectively. Other prominent residential developments located within the wider locality of the KESAS Land include Bandar Botanic, Bandar Bukit Tinggi 1 & 2 and Bandar Parklands.

**3. Details of the KESAS Land**

The KESAS Land falls within the jurisdiction of the Klang Municipal Council and is located in Klang. It is located to the right of KESAS, in the direction from Subang Jaya heading towards Pulau Indah.

The KESAS Land is situated within the vicinity of major township developments such as Alam Impian, Kota Kemuning and Bukit Rimau, which are located about four (4) km due north-east and east of the KESAS Land respectively. Other prominent residential developments located within the wider locality of the KESAS Land include Bandar Botanic, Bandar Bukit Tinggi 1 & 2 and Bandar Parklands.

The KESAS Land is easily accessible from the KESAS Highway by exiting at the Kebun Interchange (Exit 504) onto Jalan Kebun and thereafter onto Jalan Kebun Nenas and Jalan Dato Dagang 6. Alternatively, it is also accessible from the KESAS Highway by exiting at the Bandar Puteri Klang Interchange (Exit 503) onto Lorong Pending 1 and thereafter onto Jalan Dato Dagang 6. The KESAS Land is also accessible from Klang town via Jalan Langat, by exiting onto Jalan Tun Abdul Razak, Jalan Uganda, Jalan Kebun Nenas and Jalan Dato Dagang 6.

## DETAILS ON THE KESAS LAND ACQUISITION (CONT'D)

Further details of the KESAS Land are set out below.

Particulars	Descriptions
<b>Title No / Lot No. / Description</b>	: PT 126299, Mukim of Klang, District of Klang, Selangor Darul Ehsan held under Title No. HSD 129802
<b>Land area</b>	: 107.965 hectares (equivalent to approximately 267 acres)
<b>Land tenure</b>	: Leasehold for a term of 99 years, expiring on 21 April 2107
<b>Category of land use</b>	: "Pertanian" <sup>(1)</sup>
<b>Existing use</b>	: Vacant land
<b>Proposed use</b>	: Mixed development comprising residential and commercial properties
<b>Registered proprietor</b>	: MARDI
<b>Encumbrances</b>	: Nil
<b>Restriction-in-interest</b>	: "Tanah ini boleh dipindahmilik, dipajak atau digadai setelah mendapat kebenaran Pihak Berkuasa Negeri"
<b>Market value as at 24 April 2014</b>	: RM270.0 million

Note:-

- (1) *To be converted from agriculture to such other relevant category of land use as per our plan for the KESAS Land Development upon completion of the KESAS Land Acquisition.*

(Source: KESAS Land VR)

The site is an almost trapezoidal shaped parcel of land. It is generally flat in terrain and lies at about the same level as the surrounding area. The site boundaries are partly demarcated by chain link fence and partly not demarcated by any form of fencing. The site is overgrown with trees and thick undergrowth.

Please refer to Appendix IV of this Abridged Prospectus for further details on the valuation certificate on the KESAS Land.

We are unable to provide information on the NBV of the KESAS Land as we are not privy to such information.

We are proposing to develop the KESAS Land into a mixed development comprising residential and commercial properties. As at the LPD, the KESAS Land Development is still in its preliminary stages and work has yet to commence as it is still subject to the planning, conversion of land use and the development approvals from the relevant authorities upon the completion of the KESAS Land Acquisition. Therefore, it is too preliminary to ascertain the total development value, the total development cost and the expected profit to be derived from the KESAS Land Development at this juncture. Nevertheless, our Board believes the potential GDV to be in excess of RM1.0 billion as supported by the KESAS Land's valuation certificate as set out in the Appendix IV of this Abridged Prospectus.

**DETAILS ON THE KESAS LAND ACQUISITION (CONT'D)**

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The KESAS Land Acquisition is subject to the following approvals being obtained:-

- (i) Shareholders' approval which was obtained at the EGM that was held on 11 April 2014;
- (ii) EPU Approval, of which HKDSB is currently in the midst of procuring approval from the EPU as at the LPD;
- (iii) SA's Consent, of which MARDI is currently in the midst of procuring the SA's consent as at the LPD; and
- (iv) Estate Land Board Approval, of which MARDI is currently in the midst of procuring Estate Land Board Approval as at the LPD.

The KESAS Land Acquisition is expected to be completed by fourth (4th) quarter of FYE 31 December 2014.

**4. Rationale for the KESAS Land Acquisition**

The KESAS Land Acquisition will increase our development land bank from approximately 76.6 acres (as at the LPD) to approximately 343.6 acres. This is expected to provide a source for property development activities and future revenue / profit for the medium to long term.

Our Group's land bank is predominantly located in the Klang Valley. The KESAS Land Acquisition represents a further opportunity for our Group to strengthen its position and market presence in Klang Valley.

Given the strategic location of the KESAS Land, where it is expected to appeal to a wide spectrum of prospective purchasers, our Board is confident that based on the valuation report of the KESAS Land and taking into consideration the surrounding developments within the vicinity of the KESAS Land, the product type to be launched, current market pricing and the potential commercial and residential projects, would further enhance the future revenue stream of our Group. This in turn would contribute positively to our Group's financial performance in the future.

**5. Information on Vendor**

MARDI is a statutory body incorporated on 28 October 1969 in Malaysia under the Malaysian Agricultural Research and Development Institute Act, 1969. MARDI is a government body under the Ministry of Agriculture and Agro-Based Industry.

VALUATION CERTIFICATE OF THE KESAS LAND



Proprietor: Singham Sulaiman Sdn. Bhd. (78217-X)

Chartered Surveyors  
International Property Consultants  
Registered Valuers  
Property Managers  
Real Estate Agents

8th Floor,  
Bangunan Getah Asli (Menara),  
148 Jalan Ampang,  
50450 Kuala Lumpur

Tel: (03) 2161 2522  
Fax: (03) 2161 8060  
Email: joneslang@jlwmalaysia.com  
www.jlwmalaysia.com

Firm Reg. No. VE(2) 0078

Our Ref.: V/PC-(P)/006(B)/13/SC

Date: 13th September 2013

**The Board of Directors**  
**Y&G CORPORATION BHD**  
Lot G-01, Ground Floor Tower B  
PJ City Development  
15A, Jalan 219 Seksyen 51A  
46100 Petaling Jaya  
Selangor Darul Ehsan

Dear Sirs,

**VALUATION OF A PARCEL OF DEVELOPMENT LAND  
IDENTIFIED AS PT 126299, MUKIM OF KLANG, DISTRICT OF KLANG  
SELANGOR DARUL EHSAN HELD UNDER TITLE NO. HSD 129802  
("SUBJECT PROPERTY")**

This valuation certificate has been prepared for inclusion in the circular to the shareholders of Y&G Corporation Bhd in relation to the proposed acquisition of the abovementioned property.

We, hereby confirm that we have valued, in accordance with the instruction from Y&G Corporation Bhd, the abovementioned property vide our Report and Valuation bearing Reference No. V/PC-(P)/006(B)/13/SC dated 13th September 2013 for purposes of submission to Bursa Malaysia Securities Berhad. The relevant date of valuation of the subject property is 30th August 2013.

The Report and Valuation has been prepared based on the "Asset Valuation Guidelines" issued by the Securities Commission Malaysia and the Malaysia Valuation Standards issued by the Board of Valuers, Appraisers and Estate Agents with the necessary professional responsibility and due diligence.

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

## VALUATION CERTIFICATE OF THE KESAS LAND (CONT'D)



Proprietor: Singham Sulaiman Sdn. Bhd. (78217-X)

Details of the subject property as extracted from our Report and Valuation bearing Reference No. V/PC-(P)/006(B)/13/SC dated 13th September 2013 are as follows:-

**1. Property Description**

The subject of this valuation comprises the 99-year leasehold interest having an unexpired term of about 94 years (as at the date of this valuation) in a parcel of development land identified as PT 126299, Mukim of Klang, District of Klang, Selangor Darul Ehsan.

**AT THE DATE OF INSPECTION WE NOTED A TNB ELECTRICITY TRANSMISSION LINE WHICH TRAVERSES THE SUBJECT PROPERTY FROM THE SOUTHERN BOUNDARY ALL THE WAY THROUGH TO THE NORTHERN BOUNDARY. NO SPECIFIC INFORMATION PERTAINING TO THE TNB ELECTRICITY TRANSMISSION LINE WAS MADE AVAILABLE TO US.**

**WE WERE GIVEN TO UNDERSTAND BY OUR CLIENT THAT THEY HAVE YET TO COMMISSION A LAND SURVEYOR TO UNDERTAKE A SITE DEMARCATION SURVEY TO PLOT THE EXACT ALIGNMENT OF THE TRANSMISSION LINE. AS SUCH, IN OUR VALUATION WE HAVE ESTIMATED THE AREA OF THE SUBJECT PROPERTY AFFECTED BY THE TNB ELECTRICITY TRANSMISSION LINE INCLUDING THE SET BACKS REQUIRED BASED ON ENQUIRIES WITH THE LOCAL AUTHORITY AND TENAGA NASIONAL BERHAD. WE RECOMMEND A LAND SURVEY TO BE UNDERTAKEN TO ESTABLISH THE EXACT AREA AFFECTED BY THE TNB ELECTRICITY TRANSMISSION LINE.**

**2. Location**

The subject property falls within the jurisdiction of Klang Municipal Council and located in Klang. It is located to the right of Lebuhraya Shah Alam (KESAS), in the direction from Subang Jaya heading towards Pulau Indah.

Major township developments such as Alam Impian, Kota Kemuning and Bukit Rimau are located about 4 kilometres due north-east and east of the subject property respectively. Other prominent residential developments located within the wider locality of the subject property include Bandar Botanic, Bandar Bukit Tinggi 1 & 2 and Bandar Parklands.

The subject property is easily accessible from the KESAS Highway by exiting at the Kebun Interchange (Exit 504) onto Jalan Kebun and thereafter onto Jalan Kebun Nenas and Jalan Dato Dagang 6. Alternatively, it is also accessible from the KESAS Highway by exiting at the Bandar Puteri Klang Interchange (Exit 503) onto Lorong Pending 1 and thereafter onto Jalan Dato Dagang 6.

The subject property is also accessible from Klang town via Jalan Langat, by exiting onto Jalan Tun Abdul Razak, Jalan Uganda, Jalan Kebun Nenas and Jalan Dato Dagang 6.

**3. Site**

The site is a regular shaped parcel of land having a title land area of 107.965 hectares (267 acres) and generally flat in terrain. Part of the northern site boundary adjoins Jalan Dato Dagang 6 and Jalan Kebun Nenas whilst located to the immediate south is Lebuhraya Shah Alam (KESAS).



## VALUATION CERTIFICATE OF THE KESAS LAND (CONT'D)



Proprietor: Singham Sulaiman Sdn. Bhd. (78217-X)

**4. Title Particulars**

Salient title particulars as per the details obtained from the Selangor Darul Ehsan Land Registry on 29th July 2013 are as follows:-

Lot No.:	PT 126299, Mukim of Klang, District of Klang, Selangor Darul Ehsan.
Title No.:	HSD 129802.
Tenure:	99-year leasehold interest expiring on 21st April 2107.
Land Area:	107.965 hectares.
Category of Land Use:	"Pertanian".
Quit Rent:	RM3,508.00 per annum.
Registered Proprietor:	Institut Penyelidikan Dan Kemajuan Pertanian Malaysia.
Express Condition:	"Pertanian".
Restriction-In-Interest:	"Tanah ini boleh dipindahmilik, dipajak atau digadai setelah mendapat kebenaran Pihak Berkuasa Negeri".
Encumbrance:	Nil.

**5. Planning Details**

Our informal enquiries with the Planning Department of Klang Municipal Council revealed that the subject property is located within an area zoned for residential use. We were also given to understand that there is no application for development in respect of the subject property as at the date of valuation.

Further enquiries with the same authority as well as Tenaga Nasional Berhad also revealed that upon development of the site, a setback of about 30.5 metres (100 feet) from the TNB Electricity Transmission Line reserve is required.

## VALUATION CERTIFICATE OF THE KESAS LAND (CONT'D)

**6. Method of Valuation**

In arriving at our opinion of the Market Value, we have used the **Comparison Approach** and the **Residual Method of Income Approach**.

**i) Comparison Approach**

Comparison is made of the property under valuation with sales of other similar properties. Where dissimilarities exist, adjustments are made. In arriving at the Market Value we have considered the sales comparables as tabulated in Appendix 'A' of this letter.

**ii) Residual Method, Income Approach**

The **Residual Method** which is based on the premise that the price which a purchaser can pay for a property is the surplus after he has met out of the proceeds from the sales of the finished development his full cost of development and profit. Summary details of the computation using Residual Method is tabulated in Appendix 'A' of this letter.

The subject property is a parcel of development land located within an area zoned for residential use. Our enquiries with the Planning Department, Majlis Perbandaran Klang revealed that there is no application for development as at the date of valuation. Further enquiries with our client also revealed that there is no proposed layout plan available for our reference.

Despite the absence of a layout plan for the proposed development, we have used the **Residual Method** as the subject property is strategically situated along the KESAS Highway, within close proximity to various established neighbourhoods and suitable for immediate development. This method reflects with greater certainty the market conditions prevalent at the date of valuation. Furthermore, development configuration can also be ascertained with high level of certainty based on the planning parameters as provided by the Jabatan Perancangan Bandar Dan Desa Negeri Selangor. The market parameters in relation to the sale price of the development components for purposes of determination of the Gross Development Value can also be ascertained with high level of accuracy based on other developments within the locality. In terms of the Gross Development Costs, the cost components for the conventional residential properties can also be established with adequate market/cost data. Accordingly even with the absence of a layout plan, the **Residual Method** has adequate basis in determinants of the value of the subject property and provides a more precise reflection of the market value of the property.

## VALUATION CERTIFICATE OF THE KESAS LAND (CONT'D)

**Jones Lang Wootton**

Proprietor: Singham Sulaiman Sdn. Bhd. (78217-X)

**7. Opinion of Value**

We wish to draw attention that the title in respect of the subject property carries a restriction in interest which stipulates that "*Tanah ini boleh dipindahmilik, dipajak atau digadai setelah mendapat kebenaran Pihak Berkuasa Negeri*". In this regard, our valuation is on the basis that written consent from the State Authority in respect of the aforesaid restriction in interest will not be unreasonably withheld.

Our opinion of the Market Value as at 30th August 2013 of the 99-year leasehold interest having an unexpired term of about 94 years (as at the date of this valuation) in the subject property, PT 126299, Mukim of Klang, District of Klang, Selangor Darul Ehsan held under Title No. HSD 129802 (a parcel of development land having a title land area of about 107.965 hectares (267 acres), with vacant possession and subject to the title being free of all encumbrances, good, marketable and registrable is RM242,000,000 (Ringgit Malaysia Two Hundred and Forty Two Million Only).

We would also like to confirm further that there are no further pertinent factors which may affect the value of the subject property and the contents of this Valuation Certificate are in compliance with the Asset Valuation Guidelines issued by the Securities Commission Malaysia.

Yours faithfully  
For and on behalf of  
**JONES LANG WOOTTON**

A handwritten signature in black ink, appearing to be 'Prem Kumar', written over a horizontal line.

**PREM KUMAR, FRICS FRISM MPEPS MMIPPM  
REGISTERED VALUER, V-367  
EXECUTIVE DIRECTOR**

## VALUATION CERTIFICATE OF THE KESAS LAND (CONT'D)



# Jones Lang Wootton

Proprietor: Singham Sulaiman Sdn. Bhd. (78217-X)

## Appendix A

## i) Comparison Approach

<b>1. COMPARISON APPROACH</b>			
<b>Property Details</b>	<b>Comparable 1</b>	<b>Comparable 2</b>	<b>Comparable 3</b>
i) Property	Lots 6452/6453 and others, sited on both sides of PLUS and near to UKM.	PTs 73478 & 73479, located within Section 31, Kota Kemuning.	Part of the land Lot 72779, located at Pulau Indah, Klang.
ii) Tenure	Interest in perpetuity	Leasehold, expiring on 18th April 2101(unexpired term of about 88 years)	Leasehold, expiring on 24th March 2096 (unexpired term of about 83 years)
iii) Property Type	Eight (8) parcels of development land	Two (2) parcels of development land	A parcel of residential land
iv) Land Area	408.243 acres	151.000 acres	60.000 acres
v) Consideration	RM330,765,010	RM108,000,000	RM48,351,600
vi) Date of Transaction	21-May-12	11-Mar-11	9-Apr-13
vii) Analysis	RM18.60psf	RM16.42 psf	RM18.50 psf
viii) Source of Information	Bursa Malaysia	Bursa Malaysia	Bursa Malaysia
ix) Adjustment Factors Considered	Time (market condition), location, size, TNB transmission line, shape, conversion premium and tenure.		
x) Adjusted Rate	<b>RM21.28 psf</b>	<b>RM20.69 psf</b>	<b>RM19.43 psf</b>
<p>In arriving at the Market Value, we have adopted comparable 2 as the most appropriate comparable due to its similarity in tenure, close location to the subject property and accessibility from the KESAS Highway and the least differences in size. Therefore, we have adopted RM20.69 per square foot.</p> <p>Gross Land Area: 11,621,245 square feet</p> <p>Rate PSF adopted: RM20.69 per square foot</p> <p>Market Value: RM240,443,559 (say RM240,000,000)</p>			

## VALUATION CERTIFICATE OF THE KESAS LAND (CONT'D)



# Jones Lang Wootton

Proprietor: Singham Sulaiman Sdn. Bhd. (78217-X)

## ii) Residual Method of the Income Approach

2. RESIDUAL METHOD	
Lot No.	Type of Development
PT 126299	<p>For purposes of this valuation, we have proposed the following development components for the residual method:-</p> <p>672 units of low cost apartment (700 sf),  672 units of low medium cost apartment (750 sf)  336 units of medium cost apartment (750sf)  1,008 units of double storey terraced houses (22' x 75')  538 units of three storey shopoffices (22' x 70')  134 units of double storey low cost shophouses (18' x 65').</p> <p>In arriving at the development components of the Residual Method, we have adopted the density of 14 units per acre (as per enquiries with Jabatan Perancangan Bandar dan Desa Negeri Selangor) for the subject property against the net land area of 239.973 acres to arrive at the total of 3,360 units comprising low cost apartments, low medium cost apartments, medium cost apartments, terraced houses, low cost shop and shopoffices for the proposed development. As for the low, low medium and medium cost apartments, we have referred to guidelines stated in the "<i>Manual Garis Panduan dan Piawaian Perancangan Negeri Selangor</i>". Based on the abovementioned guidelines, we noted a requirement of 20% for low cost houses, 20% for low medium cost houses and 10% for medium cost house have to be allocated from the entire development of the subject property whilst 20% for low cost commercial units has to be allocated from the total number of proposed commercial units. The development components proposed, i.e. terraced houses and shopoffices, they are based on a standard development proposal which is similar to the existing developments such as Alam Impian, Bandar Puteri Klang, Bandar Botanic and etc within the locality.</p> <p>In arriving at the net land area to be adopted in the <b>Residual Method of Income Approach</b> excluding the portion affected by the TNB electricity transmission line, we have estimated the land area affected and setback required based on verbal enquiries with the relevant authority.</p> <p>Based on verbal enquiries with TNB, we noted that the distance in width between the centre of two pylons is 132 feet. Further enquiries with the Planning Department of Majlis Perbandaran Klang as well as reference to the guidelines from the Manual Garis Panduan dan Piawaian Perancangan Negeri Selangor - Garis Panduan Infrastruktur dan Utiliti revealed that the set back required from the TNB electricity transmission line is 100 feet.</p>

## VALUATION CERTIFICATE OF THE KESAS LAND (CONT'D)



Proprietor: Singham Sulaiman Sdn. Bhd. (78217-X)

## Summary of Parameters

Total Gross Development Value	: RM1,266,786,560 (Note 1)
Total Gross Development Cost	: RM917,803,712 (Note 2)
Developer's Profit	: 15% of Gross Development Value
Total Development Period	: 7 years (Note 3)
Present Value Factor	: 7.5%
No. of Phase(s)	: 3

Note 1: In arriving at the Gross Development Value (GDV) of the various proposed development components, we have analysed the developer's selling prices of similar type within the locality. We have also made comparison with sale comparables (as obtained from *Jabatan Penilaian dan Perkhidmatan Harta*) of similar type of properties.

## Transacted Prices (2-Storey Terraced Houses)

No.	Property Details	Land area square metres (square feet)	Built-up area square metres (square feet)	Date of Transaction	Transacted Price (Rate psf)
1	No. 10, Jalan Anggerik Aranda 31/25, Kota Kemuning, Selangor.	153.01 (1,647)	144.19 (1,552)	27/03/2013	RM635,000
2	No. 12, Jalan Bidara 4/KS6, Bandar Botanic, Klang, Selangor.	153.01 (1,647)	144.19 (1,552)	05/03/2013	RM670,000
3	No. 22A, Lorong Batu Nilam 20E, Bandar Bukit Tinggi, Klang, Selangor.	153.01 (1,647)	169.83 (1,828)	05/12/2012	RM630,000

## Transacted Prices (3-Storey Shopoffices)

No.	Property Details	Land area square metres (square feet)	Built-up area square metres (square feet)	Date of Transaction	Transacted Price
1	No. 67, Jalan Sanggul IF, Bandar Puteri, Klang, Selangor.	142.98 (1,539)	414.91 (4,466)	17/12/2012	RM900,000
2	No. 24, Lorong Sanggul IF, Bandar Puteri, Klang, Selangor.	142.98 (1,539)	414.91 (4,466)	29/11/2012	RM900,000
3	No. 8, Jalan Kasuarina 8, Bandar Botanic Klang, Selangor.	174.01 (1,873)	444.91 (4,789)	18/09/2012	RM1,300,000

Based on the transaction prices above, we have adopted the following market rate for the abovementioned development components:

- Low cost apartment – RM42,000 per unit
- Low medium cost apartment – RM72,000 per unit
- Medium cost apartment – RM100,000 per unit
- Double storey terraced house – RM650,000 per unit
- Three storey shopoffices – RM1,000,000 per unit
- Double storey low cost shophouse – RM120,000 per unit

The selling price for low cost apartments, low medium cost apartments, medium cost apartments and double storey low cost shophouses as well as bumiputera quota & discounts are based on those imposed by the authorities.

## VALUATION CERTIFICATE OF THE KESAS LAND (CONT'D)



Proprietor: Singham Sulaiman Sdn. Bhd. (78217-X)

Note 2:	Infrastructure cost: Low cost apartment & low medium cost apartment	– RM4,000 per unit
	Medium cost apartment	– RM5,000 per unit
	Double storey terraced houses & three storey shopoffices	– RM15,000 per unit
	Double storey low cost shophouses	– RM8,000 per unit
	Construction cost: Low cost apartment	– RM60.00 per square foot
	Low medium cost apartment	– RM60.00 per square foot
	Medium cost apartment	– RM70.00 per square foot
	Double storey terraced house	– RM100.00 per square foot
	Three storey shopoffices	– RM80.00 per square foot
	Double storey low cost shophouses	– RM60.00 per square foot

Note 3: We have adopted a development period of 3, 5 & 7 years for Phase 1, 2 & 3 respectively, taking into consideration the time frame to obtain land conversion from agriculture to residential, statutory approvals for development, building plan approvals, construction period up to issuance of Certificate of Completion and Compliance (CCC) and sales and marketing period for the entire development.

The basis of determining the number of phases and number of units per phase for the proposed development are as follows:-

- i. The total units allocated for each phase is benchmarked against ongoing developments in the locality i.e. Alam Impian, Bandar Puteri, Bandar Putera. The summary of the total units launched are as follow:

Scheme	Property Type	No. of Unit			
		Year 2010	Year 2011	Year 2012	Year 2013
Alam Impian	2-storey to 3-storey terraced houses	191	250	77	258
Bandar Puteri, Klang	2-storey to 2.5-storey terraced houses	320	128	111	405
Bandar Putera, Klang	1-storey to 2-storey terraced houses	415	272	-	-

Source: Research & Consultancy Department, Jones Lang Wootton

Based on the above units launched for the respective development, it is noted that each phase (within 1 year) comprising terraced houses is estimated to be within 300-400 units.

- ii. As for the apartments, it is expected that the sales rate would be encouraging due to the ceiling price set by the authority and together with the limited units (560 units for each phase) allocated.

Note 4: Justification to arrive at the parameters adopted in Gross Development Cost (GDC):

Construction and Infrastructure costs:	In arriving at the infrastructure and building cost, we have benchmarked against the construction cost based on our check with contractors and quantity surveyors and are in-line with market rates.
Professional Fees:	The professional fees are 6% of Construction Cost and 3% of Infrastructure Cost and are in-line with market rates.
Developer's Profit:	Based on our enquiries, a 15% return on GDV is an acceptable return by developers for undertaking similar development projects.
Marketing & Selling Expenses:	The rate adopted is based on our discussion with developers, who normally allocate about 3% of the GDV for expenses to include advertising, promotion materials and legal fees and are in-line with market practice.
Interest Charge:	The interest rate adopted is 7.5% per annum and is based on enquiries with financial institutional on the rates applicable for bridging finance.

**The Market Value as per Residual Method of Valuation is RM242,000,000.**

## VALUATION CERTIFICATE OF THE KESAS LAND (CONT'D)


**Jones Lang Wootton**

Proprietor: Singham Sulaiman Sdn. Bhd. (78217-X)

**3. RECONCILIATION OF VALUE**

Methodology	Market Value
Comparison Approach	RM240,000,000
Residual Method, Income Approach	RM242,000,000

The subject property is a parcel of development land located within an area zoned for residential use. Our enquiries with the Planning Department, Majlis Perbandaran Klang revealed that there is no application for development as at the date of valuation. Further enquiries with our client also revealed that there is no proposed layout plan available for our reference.

Despite the absence of a layout plan for the proposed development, we have adopted the **Residual Method** as the subject property is strategically situated along the KESAS Highway, within close proximity to various established neighbourhoods and suitable for immediate development. We have also adopted this method as the primary method of valuation in order to reflect with greater certainty the market conditions prevalent at the date of valuation. Furthermore, development configuration can also be ascertained with high level of certainty based on the planning parameters as provided by the Jabatan Perancangan Bandar Dan Desa Negeri Selangor. The market parameters in relation to the sale price of the development components for purposes of determination of the Gross Development Value can also be ascertained with high level of accuracy based on other developments within the locality. In terms of the Gross Development Costs, the cost components for the conventional residential properties can also be established with adequate market/cost data. Accordingly even with the absence of a layout plan, the **Residual Method** has adequate basis in determinants of the value of the subject property and provides a more precise reflection of the market value of the property.

In respect of the **Comparison Approach**, determining the market escalation within a relatively short period of between six to twelve months faces significant difficulties especially due to the lack of adequate sale transactions which are able to provide a fairly accurate state of the market. This inadequacy of the **Comparison Approach** becomes more significant with far greater impact of the determination of value in a situation where a market is either on a steep escalation or steep downtrend. The market prices (especially land held for development) tend to move rapidly within a short time frame of even a year or less and therefore without adequate comparables to justify market movement, the **Comparison Approach** may be flawed to some extent. This scenario is typically the situation in the Klang Valley at the moment where property prices continue to rise significantly at a rapid pace.

Due to the above reason, in our opinion the **Residual Method** will be able to provide a better gauge of the market value as opposed to the **Comparison Approach** which is not able to reflect the market escalation in a more definitive sense.

**4. OPINION OF VALUE**

Accordingly, our opinion of Market Value of the subject property as at 30th August 2013 with the benefit of vacant possession is RM242,000,000 (Ringgit Malaysia Two Hundred and Forty Two Million Only).



VALUATION CERTIFICATE OF THE KESAS LAND (CONT'D)



**Jones Lang Wootton**

Proprietor: Singham Sulaiman Sdn. Bhd. (78217-X)

Chartered Surveyors  
International Property Consultants  
Registered Valuers  
Property Managers  
Real Estate Agents

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Firm Reg. No. VE(2) 0078

Our Ref.: V/UD1/011/14/SC-V/PC-(P)/006(B)/13/SC

20th June 2014

**The Board of Directors**  
**Y&G CORPORATION BHD**  
Lot G-01, Ground Floor Tower B  
PJ City Development  
15A, Jalan 219 Seksyen 51A  
46100 Petaling Jaya  
Selangor Darul Ehsan

Dear Sirs,

**UPDATE VALUATION OF A PARCEL OF DEVELOPMENT LAND  
IDENTIFIED AS PT 126299, MUKIM OF KLANG, DISTRICT OF KLANG  
SELANGOR DARUL EHSAN HELD UNDER TITLE NO. HSD 129802**

This update valuation certificate has been prepared for the purposes of inclusion in the abridged prospectus of Y&G Corporation Bhd ("Y&G") pursuant to the acquisition of the abovementioned property and for the exclusive use of Y&G.

We hereby confirm that we have valued, in accordance with the instruction from Y&G, the abovementioned property vide our Update Valuation bearing Reference No. V/UD1/011/14/SC-V/PC-(P)/006(B)/13/SC dated 20th June 2014 pursuant to the acquisition of the abovementioned property which was previously valued under Report and Valuation bearing Reference No. V/PC-(P)/006(B)/13/SC dated 13th September 2013 ("**Previous Valuation**") for the purposes of inclusion in the abridged prospectus of Y&G.

For all intents and purposes, this letter should be read in conjunction with our formal Report and Valuation and Valuation Certificate bearing Reference No. V/PC-(P)/006(B)/13/SC dated 13th September 2013.

Pursuant to the engagement, we have re-inspected the subject property on 24th April 2014, the following were noted:-

**Current physical and legal aspects**

**Physical Aspect**

At the date of inspection, we noted that there were no changes in physical in respect of the subject site from our previous valuation as at 30th August 2013.

**Legal Aspect**

**Title Particulars**

As per the title search conducted at the Selangor Darul Ehsan Land Registry on 24th April 2014, we noted that the particulars of title remain unchanged as per our previous valuation.

## VALUATION CERTIFICATE OF THE KESAS LAND (CONT'D)



Proprietor: Singham Sulaiman Sdn. Bhd. (78217-X)

**Planning Status**

No application has been made for planning approval i.e. same status as per our previous valuation.

**Market Commentary**

The subject property is a parcel of development land zoned for residential use. It is strategically sited along the right side of Lebuhraya Shah Alam (KESAS) in the direction from Subang Jaya heading towards Pulau Indah. This locality within which the subject property is located also benefits significantly from the various network of highways which are connected to the KESAS such as the MEX Expressway, Lebuhraya Damansara Puchong (LDP), North South Highway and the South Klang Valley Expressway (SKVE). This network of highways provides ease of access as well as alternative routes to the various parts of Kuala Lumpur, Petaling Jaya, Shah Alam, Klang, Putrajaya, Cyberjaya as well as the Kuala Lumpur International Airport.

The transacted prices of development land in the Klang Valley have continued to experience increases albeit at a lower rate. Some of the locations where transactions have taken place in 2013 and 2014 include the localities of Dengkil, Pulau Indah Klang, Rinching and Semenyih, whereby the transactions generally indicate an increase of at least 10% from the year 2013 to the year 2014.

We also noted that secondary sales of terraced houses within five major developments in the locality of the subject property i.e. Bandar Botanic, Kemuning Utama, Kota Kemuning, Bandar Bukit Tinggi and Bandar Puteri Klang have shown positive performance since the second/third quarter of the year 2013. The subsale prices for terraced houses with land areas ranging between 1,500 square feet to 1,700 square feet within the abovementioned developments with the exception of Bandar Puteri have been increased by 5% to 10% as compared to the second/third quarter of the year 2013. Bandar Botanic, Kota Kemuning and Bandar Bukit Tinggi have generally recorded RM650,000 to RM700,000 per unit in respect of the subsale prices of terraced houses whilst the prices within Kemuning Utama are between RM700,000 and RM750,000. In respect of the terraced houses within Bandar Puteri Klang, we noted that the sale prices have increased from about RM500,000 in the second/third quarter of 2013 to about RM600,000 towards end of year 2013 which is approximately a 20% increase. We were further noted that the terraced houses in Bandar Puteri Klang are generally of older design as compared to the other abovementioned schemes and accordingly upgrading/refurbishment works will range between RM50,000 to RM100,000 per unit in order to place these houses on the same platform as the ones within the newer developments.

In respect of the Malaysia Budget 2014, the Malaysian Government has imposed a number of cooling measures to arrest rising property prices and stabilise the property market. Among the measures were as follows:-

- i) an increase in Real Property Gain Tax (RPGT) to 30% for properties disposed within three years to discourage price-flipping upon completion;
- ii) raising the minimum price of property that can be purchased by foreigners from RM500,000 to RM1,000,000,
- iii) developers selling more than four residential units to a single buyer or group must now obtain prior approval from the Controller of Housing in order to curb bulk buying; and
- iv) removal of Developer Interest Bearing Scheme (DIBS) to ensure the buyers really able to buy the property without undue financial burden.

The cooling measures have had some impact on property prices mainly confined to those which are speculative in nature such as condominiums and serviced apartments.

## VALUATION CERTIFICATE OF THE KESAS LAND (CONT'D)



Proprietor: Singham Sulalman Sdn. Bhd. (78217-X)

The conventional property types such as the terraced houses continue to be in demand, evidenced by the continuing increase in prices during the second half of 2013. Therefore, development lands which cater for conventional landed developments such as terraced houses will continue to be sought after due to the genuine and effective demand for such end-products. The resilience of the market for development land is evidenced by the continuing increase in prices for development land as outlined in the second paragraph above.

The strategic location of the subject property within an established surrounding neighbourhood coupled by the sizeable land area of 267 acres which allows for a comprehensive and well planned residential development, augurs well for the subject property to generate significant interest from both owner occupiers as well as investors.

**Method of Valuation****Comparison Approach**

Comparison is made of the property under valuation with sales of other similar properties. Where dissimilarities exist, adjustments are made.

In arriving at the Market Value of this Update Valuation via the Comparison Approach, we have included a new transaction (Comparable 3) in our valuation.

Property Details	Comparable 1	Comparable 2	Comparable 3
Property:	Eight (8) parcels of development land	A parcel of residential land	Part of eleven (11) parcels of commercial and residential land
Location:	Sited on both sides of PLUS and near to UKM.	Located in Pulau Indah, Klang.	Located adjacent to the Tropicana Aman development (formerly known as "Canal City") to the south of Kota Kemuning.
Legal Description:	Lots 6452/6453, 6460/6462/6458, 1780, Mukim of Kajang, District of Ulu Langat, Selangor Darul Ehsan and Lots 1511, 1541, 4438, 1109, 1108, Mukim of Dengkil, District of Sepang, Selangor Darul Ehsan	Part of the land held under Master Lot 72779, Mukim and District of Klang, Selangor Darul Ehsan.	Part of PT 33010 and PT 33019-33028, all within Mukim of Tanjong Dua Belas, District of Kuala Langat, Selangor Darul Ehsan.
Land Area:	407.997 acres	60.000 acres	308.720 acres
Tenure	Interest in perpetuity	Leasehold, expiring on 24th March 2096 (unexpired term of about 83 years as at the date of transaction)	Leasehold, expiring on 9th November 2110 (unexpired term of about 96 years as at the date of transaction)
Date of Transaction:	21-May-12	9-Apr-13	19-Mar-14
Consideration:	RM330,565,697.35	RM48,351,600	RM470,674,512
Town Planning:	Zoned for mixed development use. Via One Stop Centre (OSC) Portal: Approval has been granted for mixed development on 25th September 2012.	Zoned for residential use.	Zoned for mixed development use. Info via Bursa Malaysia Securities Berhad (Bursa Securities), master development planning and layout approval has been obtained on 21st January 2014.

## VALUATION CERTIFICATE OF THE KESAS LAND (CONT'D)



# Jones Lang Wootton

Proprietor: Singham Sulaiman Sdn. Bhd. (78217-X)

Property Details	Comparable 1	Comparable 2	Comparable 3
Vendor:	Boon Siew Development Sdn Bhd	Wijaya Baru Development Sdn Bhd, a wholly owned subsidiary of Tadmax Resources Berhad	Sapphire Index Sdn Bhd, a wholly owned subsidiary of Tropicana Corporation Berhad
Purchaser:	Tristar Acres Sdn Bhd, a wholly owned subsidiary of Mah Sing Group Berhad	Inai Kiara Sdn Bhd	Prominent Stream Sdn Bhd, a wholly owned subsidiary of Eco World Development Group Berhad (Formerly known as Focal Aims Holdings Berhad)
Source:	Jabatan Penilaian dan Perkhidmatan Harta (JPPH) & Bursa Securities	Bursa Securities	Bursa Securities
PSF Analysis:	RM18.60psf	RM18.50 psf	RM35.00 psf
Adjustment Factors Considered:	Time (market condition), planning approval, location, size, conditions precedent, TNB transmission line, conversion premium and tenure.		
Adjusted Land Value	RM22.25 psf	RM20.40 psf	RM22.40 psf

Based on the above analysis, the land value ranges between RM20 per square foot to RM22 per square foot. The Comparables 2 and 3 are used as indicative values due to the transactions of both comparables are still pending completion. In arriving at the Market Value of the subject property via the Comparison Approach, we have relied on the Comparable 1 and adopted RM22 per square foot which is in line to the Comparable 3 due to its similarity in tenure, least differences in size and close proximity to the subject property.

Gross Land Area: 11,621,245 square feet @ RM22 per square foot = RM255,667,390  
Say = RM256,000,000

### Parameters adopted in Residual Method of Income Approach

The parameters adopted for the Residual Method of Income Approach remain the same as the initial valuation except for the following:-

Item	Valuation as at 30th August 2013	Valuation as at 24th April 2014	Remarks
Total Gross Development Value (GDV)	RM1,266,786,560	*RM1,325,149,760	The GDV difference is due to the increase in selling prices for double storey terraced houses.
Total Gross Development Cost (GDC)	RM917,803,712	RM934,080,140	The GDC difference is due to the increase in conversion premium as a result of the increase of the unconverted land value of the subject property.

\* GDV in respect of double storey terraced houses adopted are increased from RM650,000 to RM710,000 per unit due to the positive market performance for double storey terraced houses within the vicinity which is explained in the Market Commentary (page 2) of this letter whilst the selling price of the remaining development components are of similar as per our previous valuation.

## VALUATION CERTIFICATE OF THE KESAS LAND (CONT'D)



Proprietor: Singham Sulaiman Sdn. Bhd. (78217-X)

**Reconciliation of Value**

We have used the Comparison Approach and Residual Method, Income Approach of valuation to arrive at the Market Value of the subject property:-

Method of Valuation Adopted	Market Value
Comparison Approach	RM256,000,000
Residual Method, Income Approach	RM270,000,000

As per the Market Commentary of this letter, there has been an increment of at least 10% in land prices in respect of development land in the Klang Valley since the middle of year 2013. In addition, from the middle of year 2013 to the end of year 2013, secondary sales of terraced houses within five major developments in the locality i.e. Bandar Botanic, Kemuning Utama, Kota Kemuning, Bandar Bukit Tinggi and Bandar Puteri Klang have shown positive performance with price increases ranging from 5% to 20%.

Accordingly, the higher prices adopted for the terraced houses in the Gross Development Value (GDV) calculation of the **Residual Method of Income Approach** has resulted in an increase in the Market Value of the subject property as compared to the Market Value reported in our previous valuation bearing Reference No. V/PC-(P)/006(B)/13/SC dated 13th September 2013. In our previous valuation, we have adopted the **Residual Method of Income Approach** to arrive at the Market Value of the subject property.

**Opinion of Value**

Accordingly, our opinion of Market Value of the subject property as at 24th April 2014 with vacant possession and subject to the title being free of all encumbrances, good, marketable and registrable is RM270,000,000 (Ringgit Malaysia Two Hundred And Seventy Million Only).

Yours faithfully  
For and on behalf of  
**JONES LANG WOOTTON**

**PREM KUMAR, FRICS FRISM MPEPS MMIPPM**  
**REGISTERED VALUER, V-367**

OUR PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2013 TOGETHER WITH THE REPORTING ACCOUNTANTS' REPORT THEREON

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BAKER TILLY

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13 October 2014

The Board of Directors  
**Y&G Corporation Bhd**  
Lot G-01, Ground Floor, Tower B  
PJ City Development  
No. 15A, Jalan 219, Seksyen 51A  
46100 Petaling Jaya  
Selangor Darul Ehsan

**STRICTLY CONFIDENTIAL**

Dear Sirs,

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**Y&G CORPORATION BHD AND ITS SUBSIDIARIES**  
**Report on the Compilation of the Proforma Consolidated Statements of Financial Position as at 31 December 2013**

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We have completed our assurance engagement to report on the compilation of Proforma Consolidated Statements of Financial Position of Y&G Corporation Bhd (“Y&G” or “the Company”) and its subsidiaries (“the Group”) as at 31 December 2013 for which the directors of Y&G are solely responsible. The Proforma Consolidated Statements of Financial Position consists of the Proforma Consolidated Statements of Financial Position as at 31 December 2013 together with the accompanying notes thereon, as set out in the accompanying statements, for which we have stamped for the purpose of identification. The applicable criteria on the basis of which the directors of Y&G have compiled the Proforma Consolidated Statements of Financial Position are as described in Note 1 to the Proforma Consolidated Statements of Financial Position and in accordance with the requirements of the *Prospectus Guideline – Equity* issued by the Securities Commission Malaysia (“Applicable Criteria”).

The Proforma Consolidated Statements of Financial Position of the Group has been compiled by the directors of Y&G to illustrate the impact of the renounceable rights issue of up to 30,773,800 new ordinary shares of RM1.00 each in Y&G (“Y&G Share(s)”) (“Rights Share(s)”) together with up to 15,386,900 new detachable warrants (“Warrant(s)”) at an issue price of RM1.00 per Rights Share on the basis of two (2) Rights Shares together with one (1) Warrant for every ten (10) existing Y&G Shares held at 5.00 p.m. on 23 October 2014 (“Rights Issue with Warrants”) on the Group’s financial position as at 31 December 2013, as if the Rights Issue with Warrants had taken place on 31 December 2013.

**OUR PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2013 TOGETHER WITH THE REPORTING ACCOUNTANTS' REPORT THEREON (CONT'D)**

**Y&G CORPORATION BHD AND ITS SUBSIDIARIES**

Report on the Compilation of the Proforma Consolidated Statements of Financial Position as at 31 December 2013



**BAKER TILLY**

As part of this process, information about the Group's financial position has been extracted by the directors of Y&G from the following audited financial statements of the Group, Magna Rembang Sdn Bhd ("MRSB"), Kualiti Kinta Sdn Bhd ("KKSBB") and Fortuneprop Development Sdn Bhd ("FDSB"):-

<b>Company Name</b>	<b>Audited Financial Statements</b>
Y&G +	Financial year ended 31 December 2013
MRSB +	Three (3) months financial period ended 30 September 2013
KKSBB +	Financial year ended 31 December 2013
FDSB +	Financial year ended 30 September 2013

+ Audited by firms of Chartered Accountants other than Messrs. Baker Tilly Monteiro Heng.

The abovementioned audited financial statements which were audited by firms of Chartered Accountants and were reported upon by the auditors to the members of the respective companies without any modifications except for the audited consolidated financial statements of KKSBB for the financial year ended 31 December 2013 which comprise of the following emphasis of matter paragraph:-

*"Without qualifying our opinion, we draw attention to Note 1(b) to the financial statements. As at 31 December 2013, the Group and the Company has a capital deficiency of RM1,333,234.96, NIL respectively and net current liabilities of RM2,035,894.89, RM2,044,535.68 respectively. The financial statements have been prepared on the basis of accounting principles applicable to a going concern which assumes that the Group and the Company will continue to receive financial support from its Director."*

*Directors' Responsibility for the Proforma Consolidated Statements of Financial Position*

The directors of Y&G are responsible for compiling the Proforma Consolidated Statements of Financial Position based on the Applicable Criteria.

*Reporting Accountants' Responsibilities*

Our responsibility is to express an opinion about whether the Proforma Consolidated Statements of Financial Position has been compiled, in all material respects, by the directors of Y&G based on the Applicable Criteria.

We conducted our engagement in accordance with *International Standard on Assurance Engagements (ISAE) 3420: Assurance Engagements to Report on the Compilation of Proforma Financial Information Included in a Prospectus*, issued by the International Auditing and Assurance Standards Board and adopted by the Malaysian Institute of Accountants. This standard requires that we comply with ethical requirements and plan and perform procedures to obtain reasonable assurance about whether the directors of Y&G have compiled, in all material respects, the Proforma Consolidated Statements of Financial Position based on the Applicable Criteria.

**OUR PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2013 TOGETHER WITH THE REPORTING ACCOUNTANTS' REPORT THEREON (CONT'D)**

**Y&G CORPORATION BHD AND ITS SUBSIDIARIES**

Report on the Compilation of the Proforma Consolidated Statements of Financial Position as at 31 December 2013



**BAKER TILLY**

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

The purpose of the Proforma Consolidated Statements of Financial Position included in the Abridged Prospectus of Y&G is solely to illustrate the impact of the Rights Issue with Warrants on the unadjusted financial information of the Group as if the Rights Issue with Warrants had been undertaken at an earlier date selected for illustrative purposes only. Accordingly, we do not provide any assurance that the actual outcome of the Rights Issue with Warrants would have been as presented.

A reasonable assurance engagement to report on whether the Proforma Consolidated Statements of Financial Position has been compiled, in all material respects, based on the Applicable Criteria involves performing procedures to assess whether the Applicable Criteria used by the directors of Y&G in the compilation of the Proforma Consolidated Statements of Financial Position of the Group provide a reasonable basis for presenting the significant effects directly attributable to the Rights Issue with Warrants, and to obtain sufficient appropriate evidence about whether:-

- (a) The related proforma adjustments give appropriate effect to those criterias; and
- (b) The Proforma Consolidated Statements of Financial Position reflect the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on our judgement, having regard to our understanding of the nature of the Group, the event or transaction in respect of which the Proforma Consolidated Statements of Financial Position has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Proforma Consolidated Statements of Financial Position.

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

*Opinion*

In our opinion:-

- (i) the Proforma Consolidated Statements of Financial Position of the Group as at 31 December 2013 have been properly compiled on the basis set out in the accompanying notes to the Proforma Consolidated Statements of Financial Position based on the audited consolidated financial statements of the Group for the financial year ended 31 December 2013 (which have been prepared in accordance with the Financial Reporting Standards in Malaysia), and in a manner consistent with both the format of the financial statements and the accounting policies adopted by the Group in the preparation of its audited financial statements for the financial year ended 31 December 2013 and the adoption of new accounting policies as detailed in Note 1.3 of the Proforma Consolidated Statements of Financial Position; and



**OUR PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2013 TOGETHER WITH THE REPORTING ACCOUNTANTS' REPORT THEREON (CONT'D)**

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**Y&G CORPORATION BHD AND ITS SUBSIDIARIES**

Report on the Compilation of the Proforma Consolidated Statements of Financial Position as at 31 December 2013



**BAKER TILLY**


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- (ii) each material adjustment made to the information used in the preparation of the Proforma Consolidated Statements of Financial Position is appropriate for the purposes of preparing the Proforma Consolidated Statements of Financial Position.

**Other matters**

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

Yours faithfully,



.....  
**BAKER TILLY MONTEIRO HENG**

**OUR PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2013 TOGETHER WITH THE REPORTING ACCOUNTANTS' REPORT THEREON (CONT'D)**

**Y&G CORPORATION BHD AND ITS SUBSIDIARIES**

**PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2013**

The Proforma Consolidated Statements of Financial Position of Y&G Corporation Bhd ("Y&G" or "the Company") and its subsidiaries ("the Group") as at 31 December 2013 as set out below for which the directors of Y&G are solely responsible, have been prepared for illustrative purposes only to show the effects on the audited consolidated statement of financial position of the Group as at 31 December 2013 had the Rights Issue with Warrants as described in Note 2 and the other corporate exercises as described in Note 3 been effected on that date, and should be read in conjunction with the notes accompanying to the Proforma Consolidated Statements of Financial Position.

**Minimum Scenario**

	Proforma I	Proforma II	Proforma III	Proforma IV	Proforma V	Proforma VI	Proforma VII
Audited Consolidated Statement of Financial Position as at 31 December 2013 RM'000	After the Related Party Acquisitions RM'000	After I and the Free Warrants RM'000	After II and the Rights Issue with Warrants RM'000	After III and the Private Placement with Warrants RM'000	After IV and the KESAS Land Acquisition RM'000	After V and assuming the full conversion of ICPS RM'000	After VI and assuming the full exercise of Warrants RM'000
<b>ASSETS</b>							
<b>Non-current assets</b>							
Property, plant and equipment	15,732	16,134	16,134	16,134	16,134	16,134	16,134
Land held for development	53,250	108,985	108,985	108,985	108,985	208,985	208,985
Goodwill on consolidation	-	4	4	4	4	4	4
Intangible asset	555	555	555	555	555	555	555
<b>Total non-current assets</b>	<b>69,537</b>	<b>125,678</b>	<b>125,678</b>	<b>125,678</b>	<b>125,678</b>	<b>225,678</b>	<b>225,678</b>

OUR PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2013 TOGETHER WITH THE REPORTING ACCOUNTANTS' REPORT THEREON (CONT'D)

Y&G CORPORATION BHD AND ITS SUBSIDIARIES

PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 December 2013 (Continued)

Minimum Scenario (Continued)

	Proforma I	Proforma II	Proforma III	Proforma IV	Proforma V	Proforma VI	Proforma VII
Audited Consolidated Statement of Financial Position as at 31 December 2012 RM'000	After the Related Party Acquisitions RM'000	After I and the Free Warrants RM'000	After II and the Rights Issue with Warrants RM'000	After III and the Private Placement with Warrants RM'000	After IV and the KESAS Land Acquisition RM'000	After V and assuming the full conversion of ICPS RM'000	After VI and assuming the full exercise of Warrants RM'000
<b>Current assets</b>							
Asset held for sale	8,631	8,631	8,631	8,631	8,631	8,631	8,631
Property development expenditure	80,085	115,833	115,833	115,833	115,833	115,833	115,833
Accrued billings	27,534	27,534	27,534	27,534	27,534	27,534	27,534
Trade receivables	35,450	47,168	47,168	47,168	47,168	47,168	47,168
Other receivables and deposits	11,030	11,346	11,346	11,346	11,346	11,346	11,346
Tax assets	270	594	594	594	594	594	594
Cash and cash equivalents	12,102	14,958	14,958	41,257	56,644	14,344	63,482
<b>Total current assets</b>	<b>175,102</b>	<b>226,064</b>	<b>226,064</b>	<b>252,363</b>	<b>267,750</b>	<b>225,450</b>	<b>274,588</b>
<b>TOTAL ASSETS</b>	<b>244,639</b>	<b>351,742</b>	<b>351,742</b>	<b>378,041</b>	<b>393,428</b>	<b>451,128</b>	<b>500,266</b>

OUR PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2013 TOGETHER WITH THE REPORTING ACCOUNTANTS' REPORT THEREON (CONT'D)

Y&G CORPORATION BHD AND ITS SUBSIDIARIES

PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 December 2013 (Continued)

Minimum Scenario (Continued)

	Proforma I	Proforma II	Proforma III	Proforma IV	Proforma V	Proforma VI	Proforma VII
Audited Consolidated Statement of Financial Position as at 31 December 2013 RM'000	After the Related Party Acquisitions RM'000	After I and the Free Warrants RM'000	After II and the Rights Issue with Warrants RM'000	After III and the Private Placement with Warrants RM'000	After IV and the KESAS Land Acquisition RM'000	After V and assuming the full conversion of ICPS RM'000	After VI and assuming the full exercise of Warrants RM'000
<b>EQUITY AND LIABILITIES</b>							
Equity attributable to owners of Y&G							
Share capital							
- Ordinary shares	153,869	153,869	153,869	180,168	195,555	195,555	221,371
- Irredeemable convertible preference shares	-	25,816	25,816	25,816	25,816	25,816	-
Share premium	-	-	-	-	-	-	2,700
Warrants reserve	-	1,033	1,033	2,085	2,700	2,700	-
Retained earnings	22,830	21,799	21,799	20,747	20,132	17,832	17,832
<b>Shareholders' fund</b>	<b>176,699</b>	<b>202,517</b>	<b>202,517</b>	<b>228,816</b>	<b>244,203</b>	<b>241,903</b>	<b>291,041</b>
Non-controlling interests	2,005	8,728	8,728	8,728	8,728	8,728	8,728
<b>Total equity</b>	<b>178,704</b>	<b>211,245</b>	<b>211,245</b>	<b>237,544</b>	<b>252,931</b>	<b>250,631</b>	<b>299,769</b>

Proforma Consolidated Statements of Financial Position as at 31 December 2013

OUR PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2013 TOGETHER WITH THE REPORTING ACCOUNTANTS' REPORT THEREON (CONT'D)

Y&G CORPORATION BHD AND ITS SUBSIDIARIES

PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 December 2013 (Continued)

Minimum Scenario (Continued)

	Proforma I	Proforma II	Proforma III	Proforma IV	Proforma V	Proforma VI	Proforma VII
Audited Consolidated Statement of Financial Position as at 31 December 2013 RM'000	After the Related Party Acquisitions RM'000	After I and the Free Warrants RM'000	After II and the Rights Issue with Warrants RM'000	After III and the Private Placement with Warrants RM'000	After IV and the KESAS Land Acquisition RM'000	After V and assuming the full conversion of ICPS RM'000	After VI and assuming the full exercise of Warrants RM'000
<b>Non-current liabilities</b>							
Borrowings	220	16,900	16,900	16,900	16,900	76,900	76,900
Deferred tax liabilities	9,274	15,985	15,985	15,985	15,985	15,985	15,985
	9,494	32,885	32,885	32,885	32,885	92,885	92,885
<b>Current liabilities</b>							
Trade payables	28,968	49,769	49,769	49,769	49,769	49,769	49,769
Other payables and accruals	26,735	35,109	35,109	35,109	35,109	35,109	35,109
Borrowings	145	7,125	7,125	7,125	7,125	7,125	7,125
Amount owing to directors	-	15,016	15,016	15,016	15,016	15,016	15,016
Current tax liabilities	593	593	593	593	593	593	593
<b>Total current liabilities</b>	56,441	107,612	107,612	107,612	107,612	107,612	107,612
<b>Total liabilities</b>	65,935	140,497	140,497	140,497	140,497	200,497	200,497
<b>TOTAL EQUITY AND LIABILITIES</b>	244,639	351,742	351,742	378,041	393,428	451,128	500,266

OUR PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2013 TOGETHER WITH THE REPORTING ACCOUNTANTS' REPORT THEREON (CONT'D)

Y&G CORPORATION BHD AND ITS SUBSIDIARIES

PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 December 2013(Continued)

Minimum Scenario (Continued)

	Proforma I	Proforma II	Proforma III	Proforma IV	Proforma V	Proforma VI	Proforma VII	
Audited Consolidated Statement of Financial Position as at 31 December 2013 RM'000	After the Related Party Acquisitions RM'000	After I and the Free Warrants RM'000	After II and the Rights Issue with Warrants RM'000	After III and the Private Placement with Warrants RM'000	After IV and the KESAS Land Acquisition RM'000	After V and assuming the full conversion of ICPS RM'000	After VI and assuming the full exercise of Warrants RM'000	
Number of ordinary shares in issued - RM1.00 each ('000)	153,869	153,869	153,869	180,168	195,555	195,555	221,371	270,509
Net assets ("NA") (RM'000) *	176,699	202,517	202,517	228,816	244,203	241,903	241,903	291,041
NA per ordinary share (RM) *	1.15	1.32	1.32	1.27	1.25	1.24	1.09	1.08

\* Attributable to the owners of Y&G.

**OUR PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2013 TOGETHER WITH THE REPORTING ACCOUNTANTS' REPORT THEREON (CONT'D)**

**Y&G CORPORATION BHD AND ITS SUBSIDIARIES**

**PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 December 2013 (Continued)**

**Maximum Scenario**

	Audited Consolidated Statement of Financial Position as at 31 December 2013 RM'000	Proforma I After the Related Party Acquisitions RM'000	Proforma II After I and the Free Warrants RM'000	Proforma III After II and the Rights Issue with Warrants RM'000	Proforma IV After III and the Private Placement with Warrants RM'000	Proforma V After IV and the KESAS Land Acquisition RM'000	Proforma VI After V and assuming the full conversion of ICPS RM'000	Proforma VII After VI and assuming the full exercise of Warrants RM'000
<b>ASSETS</b>								
<b>Non-current assets</b>								
Property, plant and equipment	15,732	16,134	16,134	16,134	16,134	16,134	16,134	16,134
Land held for development	53,250	108,985	108,985	108,985	108,985	208,985	208,985	208,985
Goodwill on consolidation	-	4	4	4	4	4	4	4
Intangible asset	555	555	555	555	555	555	555	555
<b>Total non-current assets</b>	<b>69,537</b>	<b>125,678</b>	<b>125,678</b>	<b>125,678</b>	<b>125,678</b>	<b>225,678</b>	<b>225,678</b>	<b>225,678</b>
<b>Current assets</b>								
Asset held for sale	8,631	8,631	8,631	8,631	8,631	8,631	8,631	8,631
Property development expenditure	80,085	115,833	115,833	115,833	115,833	115,833	115,833	115,833
Accrued billings	27,534	27,534	27,534	27,534	27,534	27,534	27,534	27,534
Trade receivables	35,450	47,168	47,168	47,168	47,168	47,168	47,168	47,168
Other receivables and deposits	11,030	11,346	11,346	11,346	11,346	11,346	11,346	11,346
Tax assets	270	594	594	594	594	594	594	594
Cash and cash equivalents	12,102	14,958	14,958	45,732	61,119	18,819	18,819	70,194
<b>Total current assets</b>	<b>175,102</b>	<b>226,064</b>	<b>226,064</b>	<b>256,838</b>	<b>272,225</b>	<b>229,925</b>	<b>229,925</b>	<b>281,300</b>
<b>TOTAL ASSETS</b>	<b>244,639</b>	<b>351,742</b>	<b>351,742</b>	<b>382,516</b>	<b>397,903</b>	<b>455,603</b>	<b>455,603</b>	<b>506,978</b>

OUR PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2013 TOGETHER WITH THE REPORTING ACCOUNTANTS' REPORT THEREON (CONT'D)

Y&G CORPORATION BHD AND ITS SUBSIDIARIES

PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 December 2013 (Continued)

Maximum Scenario (Continued)

	Audited Consolidated Statement of Financial Position as at 31 December 2013 RM'000	Proforma I After the Related Party Acquisitions RM'000	Proforma II After I and the Free Warrants RM'000	Proforma III After II and the Rights Issue with Warrants RM'000	Proforma IV After III and the Private Placement with Warrants RM'000	Proforma V After IV and the KESAS Land Acquisition RM'000	Proforma VI After V and assuming the full conversion of ICPS RM'000	Proforma VII After VI and assuming the full exercise of Warrants RM'000
<b>EQUITY AND LIABILITIES</b>								
<b>Equity attributable to owners of Y&amp;G</b>								
Share capital								
- Ordinary shares	153,869	153,869	153,869	184,643	200,030	200,030	225,846	277,221
- Irredeemable convertible preference shares	-	25,816	25,816	25,816	25,816	25,816	-	-
Share premium	-	-	-	-	-	-	-	2,879
Warrants reserve	-	1,033	1,033	2,264	2,879	2,879	2,879	-
Retained earnings	22,830	21,799	21,799	20,568	19,953	17,653	17,653	17,653
<b>Shareholders' fund</b>	<b>176,699</b>	<b>202,517</b>	<b>202,517</b>	<b>233,291</b>	<b>248,678</b>	<b>246,378</b>	<b>246,378</b>	<b>297,753</b>
Non-controlling interests	2,005	8,728	8,728	8,728	8,728	8,728	8,728	8,728
<b>Total equity</b>	<b>178,704</b>	<b>211,245</b>	<b>211,245</b>	<b>242,019</b>	<b>257,406</b>	<b>255,106</b>	<b>255,106</b>	<b>306,481</b>

Proforma Consolidated Statements of Financial Position as at 31 December 2013



OUR PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2013 TOGETHER WITH THE REPORTING ACCOUNTANTS' REPORT THEREON (CONT'D)

Y&G CORPORATION BHD AND ITS SUBSIDIARIES

PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 December 2013 (Continued)

Maximum Scenario (Continued)

	Proforma I	Proforma II	Proforma III	Proforma IV	Proforma V	Proforma VI	Proforma VII
Audited Consolidated Statement of Financial Position as at 31 December 2013 RM'000	After the Related Party Acquisitions RM'000	After I and the Free Warrants RM'000	After II and the Rights Issue with Warrants RM'000	After III and the Private Placement with Warrants RM'000	After IV and the KESAS Land Acquisition RM'000	After V and assuming the full conversion of ICPS RM'000	After VI and assuming the full exercise of Warrants RM'000
<b>Non-current liabilities</b>							
Borrowings	220	16,900	16,900	16,900	16,900	76,900	76,900
Deferred tax liabilities	9,274	15,985	15,985	15,985	15,985	15,985	15,985
	9,494	32,885	32,885	32,885	32,885	92,885	92,885
<b>Current liabilities</b>							
Trade payables	28,968	49,769	49,769	49,769	49,769	49,769	49,769
Other payables and accruals	26,735	35,109	35,109	35,109	35,109	35,109	35,109
Borrowings	145	7,125	7,125	7,125	7,125	7,125	7,125
Amount owing to directors	-	15,016	15,016	15,016	15,016	15,016	15,016
Current tax liabilities	593	593	593	593	593	593	593
<b>Total current liabilities</b>	56,441	107,612	107,612	107,612	107,612	107,612	107,612
<b>Total liabilities</b>	65,935	140,497	140,497	140,497	140,497	200,497	200,497
<b>TOTAL EQUITY AND LIABILITIES</b>	244,639	351,742	351,742	382,516	397,903	455,603	506,978

OUR PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2013 TOGETHER WITH THE REPORTING ACCOUNTANTS' REPORT THEREON (CONT'D)

Y&G CORPORATION BHD AND ITS SUBSIDIARIES

PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 December 2013 (Continued)

Maximum Scenario

	Proforma I	Proforma II	Proforma III	Proforma IV	Proforma V	Proforma VI	Proforma VII
Audited Consolidated Statement of Financial Position as at 31 December 2013 RM'000	After the Related Party Acquisitions RM'000	After I and the Free Warrants RM'000	After II and the Rights Issue with Warrants RM'000	After III and the Private Placement with Warrants RM'000	After IV and the KESAS Land Acquisition RM'000	After V and assuming the full conversion of ICPS RM'000	After VI and assuming the full exercise of Warrants RM'000
Number of ordinary shares in issued - RM1.00 each ('000)	153,869	153,869	184,643	200,030	200,030	225,846	277,221
NA (RM'000) *	176,699	202,517	233,291	248,678	246,378	246,378	297,753
NA per ordinary share (RM) *	1.15	1.32	1.26	1.24	1.23	1.09	1.07

\* Attributable to the owners of Y&G.

**OUR PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2013 TOGETHER WITH THE REPORTING ACCOUNTANTS' REPORT THEREON (CONT'D)**

**Y&G CORPORATION BHD AND ITS SUBSIDIARIES**

**NOTES TO THE PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2013**

**1. Basis of Preparation**

- 1.1 The Proforma Consolidated Statements of Financial Position of the Group as at 31 December 2013, for which the directors are solely responsible, have been prepared for illustrative purposes only, to show the effects on the audited consolidated statement of financial position of the Group as at 31 December 2013 had the Rights Issue with Warrants as described in Note 2 and the other corporate exercises as described in Note 3 been effected on that date, and should be read in conjunction with the notes accompanying thereto.
- 1.2 The Proforma Consolidated Statements of Financial Position of the Group have been prepared based on the following audited financial statements of the Group, Magna Rembang Sdn Bhd ("MRSB"), Kualiti Kinta Sdn Bhd ("KKS B") and Fortuneprop Development Sdn Bhd ("FDSB"):-

<b>Company Name</b>	<b>Audited Financial Statements</b>
Y&G +	Financial year ended 31 December 2013
MRSB +	Three (3) months financial period ended 30 September 2013
KKS B +	Financial year ended 31 December 2013
FDSB +	Financial year ended 30 September 2013

+ Audited by firms of Chartered Accountants other than Messrs. Baker Tilly Monteiro Heng.

The abovementioned audited financial statements which were audited by firms of Chartered Accountants and were reported upon by the auditors to the members of the respective companies without any modifications except for the audited consolidated financial statements of KKS B for the financial year ended 31 December 2013 which comprise of the following emphasis of matter paragraph:-

*"Without qualifying our opinion, we draw attention to Note 1(b) to the financial statements. As at 31 December 2013, the Group and the Company has a capital deficiency of RM1,331,234.96, NIL respectively and net current liabilities of RM2,035,898.89, RM2,044,535.68 respectively. The financial statements have been prepared on the basis of accounting principles applicable to a going concern which assumes that the Group and the Company will continue to receive financial support from its Director.*

Extraction from Note 1(b) to the financial statements of KKS B

*The Group and the Company has a capital deficiency of RM1,331,234.96, NIL (31.12.2012: RM1,572,012.21, RM8,796.60, 01.01.2012: RM1,568,411.60, RM6,643.50) respectively and net current liabilities of RM2,035,898.89, RM2,044,535.68 (31.12.2012: RM2,205,807.74, RM2,217,081.63, 01.01.2012: RM1,667,216.60, RM1,679,938.00). The financial statements have been prepared on the basis of accounting principles applicable to a going concern which assumes that the Group and the Company will continue to receive financial support from its Director."*



**OUR PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2013 TOGETHER WITH THE REPORTING ACCOUNTANTS' REPORT THEREON (CONT'D)**

**Y&G CORPORATION BHD AND ITS SUBSIDIARIES**

**NOTES TO THE PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2013 (Continued)**

**1. Basis of Preparation (Continued)**

1.3 The Proforma Consolidated Statements of Financial Position of the Group have been prepared in a manner consistent with both the format of the financial statements and the accounting policies adopted by the Group in the preparation of its audited consolidated financial statements for the financial year ended 31 December 2013, which have been prepared in accordance with the Financial Reporting Standards in Malaysia, and the adoption of the following new accounting policies:-

**(a) Warrants Reserve**

The allocated fair values of free warrants are credited to warrants reserve, which is non-distributable. The warrants reserve will be transferred to the share premium account upon the exercise of warrants.

For the preparation of the Proforma Consolidated Statements of Financial Position, the Directors of Y&G have allocated a value of RM0.08 per Warrant to the free Warrants to be issued pursuant to the MRSB Acquisition, KKSB Acquisition, FDSB Acquisition, Rights Issue with Warrants and Private Placement with Warrants (as defined herein) based on their fair values of the Warrant extracted from Bloomberg as at 30 September 2014, being the latest practicable date prior to the printing of the abridged Prospectus ("LPD"). The value of the Warrants is based on the relative fair values of the ordinary shares by reference to the following information extracted from Bloomberg:-

Valuation model	: Trinomial
5-days volume weighted average price up to LPD	: RM0.83
Exercise price	: RM1.00
Expiry date	: 29 September 2019
Volatility	: 10.00%
Dividend	: 0.00%
Risk free interest rate	: 4.017%

However, the above variables are subject to change upon the implementation of the Rights Issue with Warrants as described in Notes 4.1(iii) and 4.2(ii) below, the actual quantum of the components of the warrant reserve will only be determined upon issuance of the Warrants. As such, the actual quantum may differ from the amount computed above.

The Warrants pursuant the Free Warrants will be issued at no cost to Y&G and there will not be any capitalisation of reserves arising from the issuance of the said Warrants

**(b) Irredeemable Convertible Preference Shares**

Preference shares are classified as equity if they are non-redeemable and dividends are discretionary at the option of the issuer. Preference shares are classified as liabilities if they are redeemable on a specific date or at the option of the shareholders. Preference shares that are compound instruments are split into liability and equity components. Each component is accounted for separately. Dividends on preference shares are recognised on an accrual basis as a liability and are reported as finance costs in the profit or loss.



**OUR PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2013 TOGETHER WITH THE REPORTING ACCOUNTANTS' REPORT THEREON (CONT'D)**

**Y&G CORPORATION BHD AND ITS SUBSIDIARIES**

**NOTES TO THE PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2013 (Continued)**

**2. The Proposal**

Renounceable rights issue of up to 30,773,800 new ordinary shares of RM1.00 each in Y&G ("Y&G Share(s)") ("Rights Share(s)") together with up to 15,386,900 free detachable Warrants at an issue price of RM1.00 per Rights Share on the basis of two (2) Rights Shares together with one (1) Warrant for every ten (10) existing Y&G Shares held at 5.00 p.m. on 23 October 2014 ("Rights Issue with Warrants").

**Utilisation of the Proceeds from the Rights Issue with Warrants**

The proceeds from the Rights Issue with Warrants will be utilised in the following manner:-

	<b>Minimum Scenario RM'000</b>	<b>Maximum Scenario RM'000</b>
Partly finance of the KESAS Land Acquisition as defined in Note 3(d) or future business expansion	25,000	25,000
Working capital	1,299	3,474
Defrayment of estimated expenses	-	2,300
	<u>26,299</u>	<u>30,774</u>

**3. The Other Corporate Exercises**

Y&G had obtained approvals from the shareholders at the extraordinary general meeting held on 11 April 2014 for the following corporate exercises which are currently pending completion or completed (where applicable):-

- (a) conditional sale and purchase agreement ("SPA") entered into on 19 November 2013 with Dato' Yap Jun Jien, Gan Li Ching and Yap Jun Wei for the acquisition of 1,000,000 ordinary shares of RM1.00 each in MRSB, representing 100.0% of the issue and paid-up share capital of MRSB for the total purchase consideration amounting to RM11,403,000 to be satisfied via the issuance of 11,403,000 irredeemable convertible preference shares of RM1.00 each in the Company ("ICPS") at an issue price of RM1.00 per ICPS and the issuance of 5,701,500 free warrants in Y&G ("Warrant(s)") on the basis of one (1) Warrant for every two (2) ICPS issued ("MRSB Acquisition");
- (b) conditional SPA entered into on 19 November 2013 with Dato' Yap Jun Jien and Yap Jun Wei for the acquisition of 250,000 ordinary shares of RM1.00 each in KKSB ("KKSB Shares") (including new KKSB Shares issued on 28 November 2013) from Dato' Yap Jun Jien and Yap Jun Wei, representing 100.0% of the issued and paid-up share capital of KKSB together with the settlement of the amount owing by KKSB and its subsidiary ("KKSB Group") to Dato' Yap Jun Jien for the consideration of RM7,940,808 to be satisfied via the issuance of 7,690,810 ICPS together with 3,845,405 Warrants and cash consideration of RM249,998 ("KKSB Acquisition"); and



**OUR PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2013 TOGETHER WITH THE REPORTING ACCOUNTANTS' REPORT THEREON (CONT'D)**

**Y&G CORPORATION BHD AND ITS SUBSIDIARIES**

**NOTES TO THE PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2013 (Continued)**

**3. The Other Corporate Exercises (Continued)**

- (c) conditional SPA entered into on 19 November 2013 with Dato' Seri Yap Seng Yew for the acquisition of 125,000 ordinary shares of RM1.00 each in FDSB, representing 50.0% of the issue and paid-up share capital of FDSB for the total purchase consideration amounting to RM6,722,000 to be satisfied via the issuance of 6,722,000 ICPS and the issuance of 3,361,000 Warrants on the basis of one (1) Warrant for every two (2) ICPS issued ("FDSB Acquisition").

(The MRSB Acquisition, the KKSAB Acquisition and the FDSB Acquisition are collectively hereinafter referred to as the "Related Party Acquisitions")

- (d) Hala Kota Development Sdn Bhd, a wholly owned subsidiary of Y&G had on 17 September 2013 entered into a SPA for the acquisition of a leasehold measuring approximately 107.965 hectares, held under H.S.(D) 129802, PT 126299, within Mukim and District of Klang, Selangor Darul Ehsan ("KESAS Land") with the Malaysian Agriculture Research and Development Institute for a total cash consideration amounting to RM100.0 million ("KESAS Land Acquisition");
- (e) Issue of 15,386,900 Warrants on the basis of one (1) Warrant for every ten (10) existing Y&G Shares held by the existing shareholders ("Free Warrants");
- (f) Private placement of up to 15,386,900 new Y&G Shares ("Placement Shares"), representing ten percent (10.0%) of the issued and paid-up share capital of Y&G together with up to 7,693,450 Warrants at an issue price of RM1.00 per Placement Share on the basis of one (1) Warrant for every two (2) Placement Shares subscribed ("Private Placement with Warrants"); and
- (g) Amendments to the Memorandum and Articles of Association of Y&G ("M&A") to facilitate the issuance of the ICPS pursuant to the Related Party Acquisitions ("M&A Amendments"). The relevant forms in relation to the M&A Amendments were filed with the Registrar of Companies on 15 April 2014.

(Collectively hereinafter referred to as the "Corporate Exercises")

**4. Proforma Consolidated Statements of Financial Position**

**4.1 Minimum Scenario**

The minimum scenario assumes that:-

- (i) The Free Warrants will be issued at no cost to Y&G and there will not be any capitalisation of reserves arising from the issuance of the Warrants pursuant to the Free Warrants;
- (ii) The major shareholders of Y&G, namely Kinta Aroma Sdn Bhd, Dato' Sri Yap Seng Yew, Datin Sri Gan Li Li, Dato' Yap Jun Jien and Yap Jun Wei (collectively hereinafter referred to as the "Committed Shareholders") have provided irrevocable undertakings to fully subscribe for their respective entitlement under the Rights Issue with Warrants ("Committed Shareholdings");



**OUR PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2013 TOGETHER WITH THE REPORTING ACCOUNTANTS' REPORT THEREON (CONT'D)**

**Y&G CORPORATION BHD AND ITS SUBSIDIARIES**

**NOTES TO THE PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2013 (Continued)**

**4. Proforma Consolidated Statements of Financial Position (Continued)**

**4.1 Minimum Scenario (Continued)**

- (iii) The Rights Issue with Warrants will raise a gross proceed of RM26,299,089 based on the Committed Shareholdings provided by the Committed Shareholders on a minimum level of subscription of 26,299,089 Rights Shares together with 13,149,544 Warrants ("Minimum Subscription Level") at an issue price of RM1.00 per Rights Share;
- (iv) The Free Warrants, the Rights Issue with Warrants and the Private Placement with Warrants will be completed prior to the KESAS Land Acquisition;
- (v) The 25,815,810 ICPS issued pursuant to the Related Party Acquisitions will be fully converted at the conversion price of RM1.00 per ICPS to one (1) new Y&G Share; and
- (vi) The 49,137,799 Warrants issued pursuant to the Related Party Acquisitions, the Free Warrants, the Rights Issue with Warrants and the Private Placement with Warrants will be fully exercised at the exercise price of RM1.00 each.

**4.1.1 Proforma I**

Proforma I incorporates the effects of the Related Party Acquisitions on the audited consolidated statement of financial position of the Group as at 31 December 2013 as described in Notes 3(a), 3(b) and 3(c).

Upon completion of the Related Party Acquisitions, MRSB and KKSB will become the wholly-owned subsidiaries of Y&G.

The Directors of Y&G have made a judgement that Y&G will be able to control FDSB based on the following facts and circumstances, and hence FDSB will be considered as a 50%-owned subsidiary of Y&G:-

- The Group has the rights to variable returns from its involvement in the FDSB's property development activities and has the ability to affect those returns through its power over FDSB; and
- The Group considers it has the *de facto* power over FDSB, when despite not having the majority of the voting rights, it has the ability to direct the activities of FDSB that significantly affect Y&G's return.



**OUR PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2013 TOGETHER WITH THE REPORTING ACCOUNTANTS' REPORT THEREON (CONT'D)**

**Y&G CORPORATION BHD AND ITS SUBSIDIARIES**

**NOTES TO THE PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2013 (Continued)**

**4. Proforma Consolidated Statements of Financial Position**

**4.1 Minimum Scenario (Continued)**

**4.1.1 Proforma I (Continued)**

The (gain on bargain purchase)/goodwill on consolidation arising from the Related Party Acquisitions, are as summarised below:-

	MRSB RM'000	KKS B RM'000	FDS B RM'000
Total purchase consideration	11,403	7,941	6,722
Less:			
Net fair value of the identifiable assets, liabilities and contingent liabilities based on the audited statement of financial position of MRSB and FDSB as at 30 September 2013 and the consolidated statements of financial position of KKS and its subsidiary as at 31 December 2013	5,733	(1,331)	95
Amount owing to Dato' Yap Jun Jien by KKS and its subsidiary	-	2,304	-
Fair value adjustments on the identifiable assets in relation to the Related Party Acquisitions	7,561	7,331	17,801
Deferred tax liabilities on the fair value adjustments	(1,890)	(367)	(4,450)
Share of non-controlling interests in FDSB	-	-	(6,723)
(Gain on bargain purchase)/Goodwill on consolidation	(1)	4	(1)

The gain on bargain purchase will be credited to Retained Earnings Account.





**OUR PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2013 TOGETHER WITH THE REPORTING ACCOUNTANTS' REPORT THEREON (CONT'D)**

**Y&G CORPORATION BHD AND ITS SUBSIDIARIES**

**NOTES TO THE PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2013 (Continued)**

**4. Proforma Consolidated Statements of Financial Position**

**4.1 Minimum Scenario (Continued)**

**4.1.1 Proforma I (Continued)**

The Related Party Acquisitions will have the following impact on the audited consolidated statement of financial position of the Group as at 31 December 2013:-

	Increase / (Decrease)	
	Effects on Total Assets RM'000	Effects on Total Equity and Liabilities RM'000
Property, plant and equipment	402	-
Land held for development	55,735	-
Goodwill on consolidation	4	-
Property development expenditure	35,748	-
Trade receivables	11,718	-
Other receivables and deposits	316	-
Tax assets	324	-
Cash and cash equivalents	2,856	-
Share capital - ICPS	-	25,816
Warrants reserve	-	1,033
Retained earnings	-	(1,031)
Non-controlling interests	-	6,723
Borrowings - non-current	-	16,680
Deferred tax liabilities	-	6,711
Trade payables	-	20,801
Other payables and accruals	-	8,374
Amount owing to directors	-	15,016
Borrowings - current	-	6,980
	107,103	107,103

**4.1.2 Proforma II**

Proforma II incorporates the cumulative effects of Proforma I and the Free Warrants as described in Notes 3(e) and 4.1(i).

The Free Warrants will have no impact on the Proforma Consolidated Statements of Financial Position of the Group as at 31 December 2013.



**OUR PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2013 TOGETHER WITH THE REPORTING ACCOUNTANTS' REPORT THEREON (CONT'D)**

**Y&G CORPORATION BHD AND ITS SUBSIDIARIES**

**NOTES TO THE PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2013 (Continued)**

**4. Proforma Consolidated Statements of Financial Position**

**4.1 Minimum Scenario (Continued)**

**4.1.3 Proforma III**

Proforma III incorporates the cumulative effects of Proforma II and the Rights Issue with Warrants at the Minimum Subscription Level as described in Note 4.1(iii).

With the issuance of 13,149,544 Warrants pursuant to the Rights Issue with Warrants, Y&G has recognised the fair values of the Warrants of approximately RM1,051,964 based on the basis as described in Note 1.3(a) and debited to the Retained Earnings Account.

The Rights Issue with Warrants will have the following impact on the Proforma Consolidated Statements of Financial Position of the Group as at 31 December 2013:-

	Increase / (Decrease)	
	Effects on Total Assets RM'000	Effects on Total Equity RM'000
Cash and cash equivalents	26,299	-
Share capital - ordinary shares	-	26,299
Warrants reserve	-	1,052
Retained earnings	-	(1,052)
	26,299	26,299

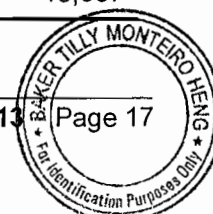
**4.1.4 Proforma IV**

Proforma IV incorporates the cumulative effects of Proforma III and the Private Placement with Warrants as described in Notes 3(f).

With the issuance of 7,693,450 Warrants pursuant to the Private Placement with Warrants, Y&G has recognised the fair values of the Warrants of approximately RM615,476 based on the basis as described in Note 1.3(a) and debited to the Retained Earnings Account.

The Private Placement with Warrants will have the following impact on the Proforma Consolidated Statements of Financial Position of the Group as at 31 December 2013:-

	Increase / (Decrease)	
	Effects on Total Assets RM'000	Effects on Total Equity RM'000
Cash and cash equivalents	15,387	-
Share capital - ordinary shares	-	15,387
Warrants reserve	-	615
Retained earnings	-	(615)
	15,387	15,387



**OUR PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2013 TOGETHER WITH THE REPORTING ACCOUNTANTS' REPORT THEREON (CONT'D)**

**Y&G CORPORATION BHD AND ITS SUBSIDIARIES**

**NOTES TO THE PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2013 (Continued)**

**4. Proforma Consolidated Statements of Financial Position (Continued)**

**4.1 Minimum Scenario (Continued)**

**4.1.5 Proforma V**

Proforma V incorporates the cumulative effects of Proforma IV and the KESAS Land Acquisition as described in Note 3(d) and the defrayment of the estimated expenses of RM2,300,000 in relation to the Rights Issue with Warrants and the Corporate Exercises.

The KESAS Land Acquisition is to be funded via bank borrowings of RM60 million and the proceeds from the Rights Issue with Warrants and the Private Placement with Warrants of RM25 million and RM15 million respectively.

The estimated expenses in relation to the Rights Issue with Warrants and the Corporate Exercises will be debited to Retained Earnings Account.

The KESAS Land Acquisition and the defrayment of the estimated expenses in relation to the Rights Issue with Warrants and the Corporate Exercises will have the following impact on the Proforma Consolidated Statements of Financial Position of the Group as at 31 December 2013:-

	<b>Increase / (Decrease)</b>	
	<b>Effects on Total Assets RM'000</b>	<b>Effects on Total Equity and Liabilities RM'000</b>
Land held for development	100,000	-
Cash and cash equivalents	(42,300)	-
Borrowings	-	60,000
Retained earnings	-	(2,300)
	57,700	57,700



**OUR PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2013 TOGETHER WITH THE REPORTING ACCOUNTANTS' REPORT THEREON (CONT'D)**

**Y&G CORPORATION BHD AND ITS SUBSIDIARIES**

**NOTES TO THE PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2013 (Continued)**

**4. Proforma Consolidated Statements of Financial Position**

**4.1 Minimum Scenario (Continued)**

**4.1.6 Proforma VI**

Proforma VI incorporates the cumulative effects of Proforma V and assuming the full conversion of ICPS as described in Note 4.1(v).

The full conversion of ICPS will have the following impact on the Proforma Consolidated Statements of Financial Position of the Group as at 31 December 2013:-

	<b>Increase / (Decrease) Effects on Total Equity RM'000</b>
Share capital - ordinary shares	25,816
Share capital - ICPS	(25,816)
	<u>-</u>

**4.1.7 Proforma VII**

Proforma VII incorporates the cumulative effects of Proforma VI and assuming the full exercise of Warrants as described in Note 4.1(vi).

The full exercise of Warrants will have the following impact on the Proforma Consolidated Statements of Financial Position of the Group as at 31 December 2013:-

	<b>Increase / (Decrease)</b>	
	<b>Effects on Total Assets RM'000</b>	<b>Effects on Total Equity RM'000</b>
Cash and cash equivalents	49,138	-
Share capital - ordinary shares	-	49,138
Share premium	-	2,700
Warrants reserve	-	(2,700)
	<u>49,138</u>	<u>49,138</u>



**OUR PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2013 TOGETHER WITH THE REPORTING ACCOUNTANTS' REPORT THEREON (CONT'D)**

**Y&G CORPORATION BHD AND ITS SUBSIDIARIES**

**NOTES TO THE PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2013 (Continued)**

**4. Proforma Consolidated Statements of Financial Position**

**4.2 Maximum Scenario**

The maximum scenario assumes that:-

- (i) The Free Warrants will be issued at no cost to Y&G and there will not be any capitalisation of reserves arising from the issuance of the Warrants pursuant to the Free Warrants;
- (ii) The Rights Issue with Warrants will raise a gross proceed of RM30,773,800 based on the renounceable rights issue of 30,773,800 Rights Shares at an issue price of RM1.00 per Rights Share;
- (iii) The Free Warrants, the Rights Issue with Warrants and the Private Placement with Warrants will be completed prior to the KESAS Land Acquisition;
- (iv) The 25,815,810 ICPS issued pursuant to the Related Party Acquisitions will be fully converted at the conversion price of RM1.00 per ICPS to one (1) new Y&G Share; and
- (v) The 51,375,155 Warrants issued pursuant to the Related Party Acquisitions, the Free Warrants, the Rights Issue with Warrants and the Private Placement with Warrants will be fully exercised at the exercise price of RM1.00 each.

**4.2.1 Proforma I**

Proforma I incorporates the effects of the Related Party Acquisitions on the audited consolidated statement of financial position of the Group as at 31 December 2013 as described in Notes 3(a), 3(b) and 3(c).

Upon completion of the Related Party Acquisitions, MRSB and KKSB will become the wholly-owned subsidiaries of Y&G.

The Directors of Y&G have made a judgement that Y&G will be able to control FDSB as explained in Note 4.1.1, and hence FDSB will be considered as a 50%-owned subsidiary of Y&G.



**OUR PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2013 TOGETHER WITH THE REPORTING ACCOUNTANTS' REPORT THEREON (CONT'D)**

**Y&G CORPORATION BHD AND ITS SUBSIDIARIES**

**NOTES TO THE PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2013 (Continued)**

**4. Proforma Consolidated Statements of Financial Position**

**4.2 Maximum Scenario (Continued)**

**4.2.1 Proforma I (Continued)**

The (gain on bargain purchase)/goodwill on consolidation arising from the Related Party Acquisitions, are as summarised below:-

	MRSB RM'000	KKS B RM'000	FDS B RM'000
Total purchase consideration	11,403	7,941	6,722
Less:			
Net fair value of the identifiable assets, liabilities and contingent liabilities based on the audited statement of financial position of MRSB and FDSB as at 30 September 2013 and the consolidated statements of financial position of KKS and its subsidiary as at 31 December 2013	5,733	(1,331)	95
Amount owing to Dato' Yap Jun Jien by KKS and its subsidiary	-	2,304	-
Fair value adjustments on the identifiable assets in relation to the Related Party Acquisitions	7,561	7,331	17,801
Deferred tax liabilities on the fair value adjustments	(1,890)	(367)	(4,450)
Share of non-controlling interests in FDSB	-	-	(6,723)
(Gain on bargain purchase)/Goodwill on consolidation	(1)	4	(1)

The gain on bargain purchase will be credited to Retained Earnings Account.



**OUR PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2013 TOGETHER WITH THE REPORTING ACCOUNTANTS' REPORT THEREON (CONT'D)**

**Y&G CORPORATION BHD AND ITS SUBSIDIARIES**

**NOTES TO THE PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2013 (Continued)**

**4. Proforma Consolidated Statements of Financial Position**

**4.2 Maximum Scenario (Continued)**

**4.2.1 Proforma I (Continued)**

The Related Party Acquisitions will have the following impact on the audited consolidated statement of financial position of the Group as at 31 December 2013:-

	Increase / (Decrease)	
	Effects on Total Assets RM'000	Effects on Total Equity and Liabilities RM'000
Property, plant and equipment	402	-
Land held for development	55,735	-
Goodwill on consolidation	4	-
Property development expenditure	35,748	-
Trade receivables	11,718	-
Other receivables and deposits	316	-
Tax assets	324	-
Cash and cash equivalents	2,856	-
Share capital - ICPS	-	25,816
Warrants reserve	-	1,033
Retained earnings	-	(1,031)
Non-controlling interests	-	6,723
Borrowings - non-current	-	16,680
Deferred tax liabilities	-	6,711
Trade payables	-	20,801
Other payables and accruals	-	8,374
Amount owing to directors	-	15,016
Borrowings - current	-	6,980
	107,103	107,103

**4.2.2 Proforma II**

Proforma II incorporates the cumulative effects of Proforma I and the Free Warrants as described in Notes 3(e) and 4.2(i).

The Free Warrants will have no impact on the Proforma Consolidated Statements of Financial Position of the Group as at 31 December 2013.



**OUR PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2013 TOGETHER WITH THE REPORTING ACCOUNTANTS' REPORT THEREON (CONT'D)**

**Y&G CORPORATION BHD AND ITS SUBSIDIARIES**

**NOTES TO THE PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2013 (Continued)**

**4. Proforma Consolidated Statements of Financial Position**

**4.2 Maximum Scenario (Continued)**

**4.2.3 Proforma III**

Proforma III incorporates the cumulative effects of Proforma II and the Rights Issue with Warrants as described in Note 4.2(ii).

With the issuance of 15,386,900 Warrants pursuant to the Rights Issue with Warrants, Y&G has recognised the fair values of the Warrants of approximately RM1,230,952 based on the basis as described in Note 1.3(a) and debited to the Retained Earnings Account.

The Rights Issue with Warrants will have the following impact on the Proforma Consolidated Statements of Financial Position of the Group as at 31 December 2013:-

	<b>Increase / (Decrease)</b>	
	<b>Effects on Total Assets RM'000</b>	<b>Effects on Total Equity RM'000</b>
Cash and cash equivalents	30,774	-
Share capital - ordinary shares	-	30,774
Warrants reserve	-	1,231
Retained earnings	-	(1,231)
	<u>30,774</u>	<u>30,774</u>

**4.2.4 Proforma IV**

Proforma IV incorporates the cumulative effects of Proforma III and the Private Placement with Warrants as described in Notes 3(f).

With the issuance of 7,693,450 Warrants pursuant to the Private Placement with Warrants, Y&G has recognised the fair values of the Warrants of approximately RM615,476 based on the basis as described in Note 1.3(a) and debited to the Retained Earnings Account.

The Private Placement with Warrants will have the following impact on the Proforma Consolidated Statements of Financial Position of the Group as at 31 December 2013:-

	<b>Increase / (Decrease)</b>	
	<b>Effects on Total Assets RM'000</b>	<b>Effects on Total Equity RM'000</b>
Cash and cash equivalents	15,387	-
Share capital - ordinary shares	-	15,387
Warrants reserve	-	615
Retained earnings	-	(615)
	<u>15,387</u>	<u>15,387</u>





**OUR PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2013 TOGETHER WITH THE REPORTING ACCOUNTANTS' REPORT THEREON (CONT'D)**

**Y&G CORPORATION BHD AND ITS SUBSIDIARIES**

**NOTES TO THE PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2013 (Continued)**

**4. Proforma Consolidated Statements of Financial Position**

**4.2 Maximum Scenario (Continued)**

**4.2.5 Proforma V**

Proforma V incorporates the cumulative effects of Proforma IV and the KESAS Land Acquisition as described in Note 3(d) and the defrayment of the estimated expenses of RM2,300,000 in relation to the Rights Issue with Warrants and the Corporate Exercises.

The KESAS Land Acquisition is to be funded via bank borrowings of RM60 million and the proceeds from the Rights Issue with Warrants and the Private Placement with Warrants of RM25 million and RM15 million respectively.

The estimated expenses in relation to the Rights Issue with Warrants and the Corporate Exercises will be debited to Retained Earnings Account.

The KESAS Land Acquisition and the defrayment of the estimated expenses in relation to the Rights Issue with Warrants and the Corporate Exercises will have the following impact on the Proforma Consolidated Statements of Financial Position of the Group as at 31 December 2013:-

	<b>Increase / (Decrease)</b>	
	<b>Effects on Total Assets RM'000</b>	<b>Effects on Total Equity and Liabilities RM'000</b>
Land held for development	100,000	-
Cash and cash equivalents	(42,300)	-
Borrowings	-	60,000
Retained earnings	-	(2,300)
	57,700	57,700



**OUR PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2013 TOGETHER WITH THE REPORTING ACCOUNTANTS' REPORT THEREON (CONT'D)**

**Y&G CORPORATION BHD AND ITS SUBSIDIARIES**

**NOTES TO THE PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2013 (Continued)**

**4. Proforma Consolidated Statements of Financial Position**

**4.2 Maximum Scenario (Continued)**

**4.2.6 Proforma VI**

Proforma VI incorporates the cumulative effects of Proforma V and assuming the full conversion of ICPS as described in Note 4.2(iv).

The full conversion of ICPS will have the following impact on the Proforma Consolidated Statements of Financial Position of the Group as at 31 December 2013:-

	<b>Increase / (Decrease) Effects on Total Equity RM'000</b>
Share capital - ordinary shares	25,816
Share capital - ICPS	(25,816)
	<u>-</u>

**4.2.7 Proforma VII**

Proforma VII incorporates the cumulative effects of Proforma VI and assuming the full exercise of Warrants as described in Note 4.2(v).

The full exercise of Warrants will have the following impact on the Proforma Consolidated Statements of Financial Position of the Group as at 31 December 2013:-

	<b>Increase / (Decrease) Effects on Total Assets RM'000</b>	<b>Effects on Total Equity RM'000</b>
Cash and cash equivalents	51,374	-
Share capital - ordinary shares	-	51,374
Share premium	-	2,879
Warrants reserve	-	(2,879)
	<u>51,374</u>	<u>51,374</u>



**OUR PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2013 TOGETHER WITH THE REPORTING ACCOUNTANTS' REPORT THEREON (CONT'D)**

**Y&G CORPORATION BHD AND ITS SUBSIDIARIES**

**NOTES TO THE PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2013 (Continued)**

**5. Movements in Share Capital and Reserves**

**5.1 Minimum Scenario**

	Share capital		ICPS RM'000	Share Premium RM'000	Warrants Reserves RM'000	Retained Earnings RM'000
	Number of Shares '000	Amount RM'000				
Audited consolidated statement of financial position as at 31 December 2013	153,869	153,869	-	-	-	22,830
Arising from the Related Party Acquisitions	-	-	25,816	-	1,033	(1,031)
Per Proforma I	153,869	153,869	25,816	-	1,033	21,799
Arising from the Free Warrants	-	-	-	-	-	-
Per Proforma II	153,869	153,869	25,816	-	1,033	21,799
Arising from the Rights Issue with Warrants	26,299	26,299	-	-	1,052	(1,052)
Per Proforma III	180,168	180,168	25,816	-	2,085	20,747
Arising from the Private Placement with Warrants	15,387	15,387	-	-	615	(615)
Per Proforma IV	195,555	195,555	25,816	-	2,700	20,132
Arising from the KESAS Land Acquisition	-	-	-	-	-	-
Defrayment of the estimated expenses	-	-	-	-	-	(2,300)
Per Proforma V	195,555	195,555	25,816	-	2,700	17,832
Assuming full conversion of ICPS	25,816	25,816	(25,816)	-	-	-
Per Proforma VI	221,371	221,371	-	-	2,700	17,832
Assuming full exercise of Warrants	49,138	49,138	-	2,700	(2,700)	-
Per Proforma VII	270,509	270,509	-	2,700	-	17,832

**OUR PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2013 TOGETHER WITH THE REPORTING ACCOUNTANTS' REPORT THEREON (CONT'D)**

**Y&G CORPORATION BHD AND ITS SUBSIDIARIES**

**NOTES TO THE PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2013 (Continued)**

**5. Movements in Share Capital and Reserves (Continued)**

**5.2 Maximum Scenario**

	Share capital		ICPS RM'000	Share Premium RM'000	Warrants Reserves RM'000	Retained Earnings RM'000
	Ordinary Shares Number of Shares '000	Amount RM'000				
Audited consolidated statement of financial position as at 31 December 2013	153,869	153,869	-	-	-	22,830
Arising from the Related Party Acquisitions	-	-	25,816	-	1,033	(1,031)
Per Proforma I	153,869	153,869	25,816	-	1,033	21,799
Arising from the Free Warrants	-	-	-	-	-	-
Per Proforma II	153,869	153,869	25,816	-	1,033	21,799
Arising from the Rights Issue with Warrants	30,774	30,774	-	-	1,231	(1,231)
Per Proforma III	184,643	184,643	25,816	-	2,264	20,568
Arising from the Private Placement with Warrants	15,387	15,387	-	-	615	(615)
Per Proforma IV	200,030	200,030	25,816	-	2,879	19,953
Arising from the KESAS Land Acquisition	-	-	-	-	-	-
Defrayment of the estimated expenses	-	-	-	-	-	(2,300)
Per Proforma V	200,030	200,030	25,816	-	2,879	17,653
Assuming full conversion of ICPS	25,816	25,816	(25,816)	-	-	-
Per Proforma VI	225,846	225,846	-	-	2,879	17,653
Assuming full exercise of Warrants	51,375	51,375	-	2,879	(2,879)	-
Per Proforma VII	277,221	277,221	-	2,879	-	17,653

**OUR PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2013 TOGETHER WITH THE REPORTING ACCOUNTANTS' REPORT THEREON (CONT'D)**

**Y&G CORPORATION BHD AND ITS SUBSIDIARIES**

**NOTES TO THE PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2013 (Continued)**

**6. Movements in Cash and Cash Equivalents**

**6.1 Minimum Scenario**

	RM'000
Audited consolidated statement of financial position as at 31 December 2013	12,102
Arising from the Related Party Acquisitions	2,856
Per Proforma I	<u>14,958</u>
Arising from the Free Warrants	-
Per Proforma II	<u>14,958</u>
Arising from the Rights Issue with Warrants	26,299
Per Proforma III	<u>41,257</u>
Arising from the Private Placement with Warrants	15,387
Per Proforma IV	<u>56,644</u>
Arising from the KESAS Land Acquisition	(40,000)
Defrayment of the estimated expenses	(2,300)
Per Proforma V	<u>14,344</u>
Assuming full conversion of ICPS	-
Per Proforma VI	<u>14,344</u>
Assuming full exercise of Warrants	49,138
Per Proforma VII	<u>63,482</u>



**OUR PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2013 TOGETHER WITH THE REPORTING ACCOUNTANTS' REPORT THEREON (CONT'D)**

**Y&G CORPORATION BHD AND ITS SUBSIDIARIES**

**NOTES TO THE PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2013 (Continued)**

**6. Movements in Cash and Cash Equivalents (Continued)**

**6.2 Maximum Scenario**

	RM'000
Audited consolidated statement of financial position as at 31 December 2013	12,102
Arising from the Related Party Acquisitions	2,856
Per Proforma I	<u>14,958</u>
Arising from the Free Warrants	-
Per Proforma II	<u>14,958</u>
Arising from the Rights Issue with Warrants	30,774
Per Proforma III	<u>45,732</u>
Arising from the Private Placement with Warrants	15,387
Per Proforma IV	<u>61,119</u>
Arising from the KESAS Land Acquisition	(40,000)
Defrayment of the estimated expenses	(2,300)
Per Proforma V	<u>18,819</u>
Assuming full conversion of ICPS	-
Per Proforma VI	<u>18,819</u>
Assuming full exercise of Warrants	51,375
Per Proforma VII	<u>70,194</u>



OUR PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2013 TOGETHER WITH THE REPORTING ACCOUNTANTS' REPORT THEREON (CONT'D)

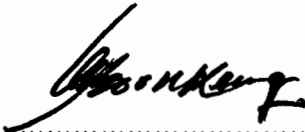
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Y&G CORPORATION BHD AND ITS SUBSIDIARIES

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APPROVAL BY THE BOARD OF DIRECTORS

Approved and adopted by the Board of Directors of Y&G Corporation Bhd in accordance with a resolution dated 13 October 2014



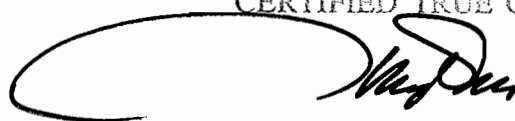
.....  
LEE BOON HONG @ LEE BOON KEONG  
Director



OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 31 DECEMBER 2013  
TOGETHER WITH THE AUDITORS' REPORT THEREON

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CERTIFIED TRUE COPY



.....  
KUAN TONG HENG C.A.(M), FCCA

09 SEP 2014

**Y&G CORPORATION BHD.**  
(Incorporated in Malaysia)

**FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013**



**OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 31 DECEMBER 2013  
TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)****Y&G CORPORATION BHD.**  
(Incorporated in Malaysia)**CONTENTS**

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**OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 31 DECEMBER 2013  
TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

**Y&G CORPORATION BHD.**  
(Incorporated in Malaysia)

**DIRECTORS' REPORT**

The Directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2013.

**PRINCIPAL ACTIVITIES**

The principal activities of the Company are investment holding, property construction and management services. The principal activities of the subsidiaries are disclosed in Note 8 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

**RESULTS FOR THE FINANCIAL YEAR**

	Group RM'000	Company RM'000
Profit for the financial year	<u>7,931</u>	<u>32,455</u>
Profit attributable to:		
Owners of the parent	7,972	32,455
Non-controlling interest	<u>(41)</u>	<u>-</u>
	<u>7,931</u>	<u>32,455</u>

**DIVIDENDS**

No dividend has been paid or declared by the Company since the end of the previous financial year. The Directors do not recommend any dividend payment in respect of the current financial year ended 31 December 2013.

**RESERVES AND PROVISIONS**

There were no material transfers to or from reserves or provisions during the financial year.

**ISSUE OF SHARES AND DEBENTURES**

The Company did not issue any new shares or debentures during the financial year.

**BAD AND DOUBTFUL DEBTS**

Before the statements of financial position and statements of comprehensive income of the Group and of the Company were made out, the Directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for impairment losses on receivables, and satisfied themselves that there were no known bad debts and that adequate allowance had been made for impairment losses on receivables.

At the date of this report, the Directors advise that they are not aware of any circumstances which would render it necessary to write off bad debts or the allowance for impairment losses on receivables inadequate to any substantial extent.

**OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 31 DECEMBER 2013  
TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

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**Y&G CORPORATION BHD.**  
(Incorporated in Malaysia)

**DIRECTORS' REPORT**

**CURRENT ASSETS**

Before the statements of financial position and statements of comprehensive income of the Group and of the Company were made out, the Directors took reasonable steps to ascertain that any current assets other than debts, which were unlikely to be realised in the ordinary course of business, including their value as shown in the accounting records of the Group and of the Company, have been written down to an amount which they might be expected so to realise.

At the date of this report, the Directors are not aware of any circumstances which would render the values attributed to the current assets in the financial statements of the Group and of the Company misleading.

**VALUATION METHODS**

At the date of this report, the Directors are not aware of any circumstances which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

**CONTINGENT AND OTHER LIABILITIES**

At the date of this report, there does not exist:

- (i) any charge on the assets of the Group and of the Company that has arisen since the end of the financial year which secures the liabilities of any other person; or
- (ii) any contingent liability of the Group and of the Company which has arisen since the end of the financial year.

No contingent or other liability of the Group and of the Company has become enforceable or is likely to become enforceable within the period of twelve (12) months after the end of the financial year which, in the opinion of the Directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

**CHANGE OF CIRCUMSTANCES**

At the date of this report, the Directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

**ITEMS OF AN UNUSUAL NATURE**

In the opinion of the Directors, the results of the Group and of the Company during the financial year have not been substantially affected by any other item, transaction or event of a material and unusual nature.

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors, to affect substantially the results of the operations of the Group and of the Company for the financial year.

**OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 31 DECEMBER 2013  
TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

**Y&G CORPORATION BHD.**  
(Incorporated in Malaysia)

**DIRECTORS' REPORT**

**DIRECTORS**

The Directors who served on the Board of the Company since the date of the last report are as follows:-

DATO' SRI YAP SENG YEW  
DATIN SRI GAN LI LI  
DATO' YAP JUN JIEN  
LEE BOON HONG @ LEE BOON KEONG  
MOHD SHAFIZAN BIN SHAHBUDIN  
CHOONG KOK CHOY

**DIRECTORS' INTERESTS**

The Directors holding office at the end of the financial year and their beneficial interests in the ordinary shares of the Company and of its related corporations during the financial year ended 31 December 2013, as recorded in the Register of Directors' Shareholdings kept by the Company under Section 134 of the Companies Act, 1965, are as follows:-

	-----No. of ordinary shares of RM1.00 each-----			
	As at 01.01.2013	Bought	Sold	As at 31.12.2013
<b>Direct Interests</b>				
DATO' SRI YAP SENG YEW	5,518,000	-	-	5,518,000
DATIN SRI GAN LI LI	5,572,787	-	-	5,572,787
DATO' YAP JUN JIEN	6,905,580	-	-	6,905,580
<b>Indirect Interests</b>				
DATO' SRI YAP SENG YEW	124,071,867	-	5,000,000	119,071,867
DATIN SRI GAN LI LI	124,017,080	-	5,000,000	119,017,080
DATO' YAP JUN JIEN	113,476,840	-	5,000,000	108,476,840

By virtue of their interest in the shares of the Company, the above-mentioned Directors are also deemed interested in the shares of the subsidiaries during the financial year to the extent the Company has an interest.

Other than as disclosed above, none of the other Directors holding office at the end of the financial year held any interest in the shares of the Company or of its related corporations during the financial year.

**OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 31 DECEMBER 2013  
TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

**Y&G CORPORATION BHD.**  
(Incorporated in Malaysia)

**DIRECTORS' REPORT**

**DIRECTORS' BENEFITS**

Since the end of the previous financial year, no Directors have received or become entitled to receive any benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the Directors or the fixed salary of a full-time employee of the Company as shown in Note 25, 26 and 33(b) to the financial statements) by reason of a contract made by the Company or a related corporation with any Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest except as disclosed in Notes to the financial statements.

There were no arrangements during and at the end of the financial year, to which the Company is a party, which had the object of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

**SIGNIFICANT AND SUBSEQUENT EVENTS**

Except as disclosed in Note 36 to the financial statements, there were no other significant and subsequent events.

**AUDITORS**

The auditors, Messrs T. H. KUAN & CO., Chartered Accountants, have expressed their willingness to accept re-appointment.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors



DATO SRI YAP SENG YEW  
DIRECTOR



DATIN SRI GAN LI LI  
DIRECTOR

Petaling Jaya, Selangor Darul Ehsan.  
18 April 2014

OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 31 DECEMBER 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

Y&G CORPORATION BHD.  
(Incorporated in Malaysia)


STATEMENT BY DIRECTORS

We, DATO' SRI YAP SENG YEW and DATIN SRI GAN LI LI, being two of the Directors of Y&G CORPORATION BHD., do hereby state that, in the opinion of the Directors, the accompanying financial statements set out on page 8 to 70 are drawn up in accordance with applicable approved Financial Reporting Standards and the provisions of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2013 and of their financial performance and cash flows of the Group and of the Company for the financial year then ended.

The supplementary information disclosed in Note 38 on page 71 to the financial statements have been prepared in accordance with the Guidance on Special Matter No. 1, "Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Listing Requirements", as issued by the Malaysian Institute of Accountants and the directive of Bursa Malaysia Securities Berhad.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors

  
DATO' SRI YAP SENG YEW  
DIRECTOR

  
DATIN SRI GAN LI LI  
DIRECTOR

Petaling Jaya, Selangor Darul Ehsan.  
18 April 2014

STATUTORY DECLARATION

I, LEE YOON SEONG (I/C No. 701111-08-5943), being the Officer primarily responsible for the accounting records and financial management of Y&G CORPORATION BHD., do solemnly and sincerely declare that the financial statements set out on page 8 to 71 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by )  
LEE YOON SEONG )  
I/C No.: 701111-08-5943 )  
at Petaling Jaya, )  
in the state of Selangor Darul Ehsan on )  
this day of 18 April 2014 )

Before me,   


**OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 31 DECEMBER 2013  
TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

**T. H. KUAN & Co.** (AF: 1216)  
(A founder member of AicA Group)

♦ Chartered Accountants  
26A, Jalan 21/19, SEA Park,  
46300 Petaling Jaya  
Selangor D.E., Malaysia

♦ Phone : (603) 7875 8200  
Fax : (603) 7877 1820  
Email : thkpj@thkuan-aica.com  
Website: www.thkuan-aica.com

**INDEPENDENT AUDITORS' REPORT TO MEMBERS OF  
Y&G CORPORATION BHD. (6403 - X)**

**Report on the Financial Statements**

We have audited the financial statements of Y&G CORPORATION BHD., which comprise the statements of financial position as at 31 December 2013 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory information, as set out on page 8 to 70.

*Directors' Responsibility for the Financial Statements*

The Directors of the Company are responsible for the preparation of financial statements that give a true and fair view in accordance with applicable approved Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia. The Directors are also responsible for such internal control as the Directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

*Auditors' Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

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

*Opinion*

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as of 31 December 2013 and of their financial performance and cash flows for the financial year then ended in accordance with applicable approved Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

**OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 31 DECEMBER 2013  
TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**T. H. KUAN & CO.  
(AF: 1216)**INDEPENDENT AUDITORS' REPORT TO MEMBERS OF  
Y&G CORPORATION BHD. (6403 - X)****Report on Other Legal and Regulatory Requirements**

In accordance with the requirements of the Companies Act, 1965 ("Act") in Malaysia, we also report the following:-

- (a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.
- (b) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.
- (c) Our audit reports on the financial statements of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

**Other Reporting Responsibilities**

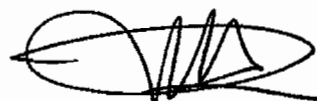
The supplementary information disclosed in Note 38 on page 71 to the financial statements is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The Directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

**Other Matters**

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.



T. H. KUAN & CO.  
AF: 1216  
CHARTERED ACCOUNTANTS



TAN KIM HOR  
No. 3014/01/15(J)  
CHARTERED ACCOUNTANT

Petaling Jaya, Selangor Darul Ehsan.  
18 April 2014



OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 31 DECEMBER 2013  
TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

**Y&G CORPORATION BHD.**  
(Incorporated in Malaysia)

**STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2013**

	Note	GROUP		COMPANY	
		2013	2012	2013	2012
		RM'000	Restated RM'000	RM'000	RM'000
<b>ASSETS</b>					
<b>Non-Current Assets</b>					
Property, plant and equipment	5	15,732	8,936	155	167
Investment properties	6	-	-	-	-
Land held for property development	7	53,250	66,129	-	-
Investment in subsidiaries	8	-	-	101,663	101,663
Intangible asset	9	555	555	-	-
<b>Total Non-Current Assets</b>		<b>69,537</b>	<b>75,620</b>	<b>101,818</b>	<b>101,830</b>
<b>Current Assets</b>					
Asset held for sale	10	8,631	8,631	-	-
Property development expenditure	11	80,085	85,436	-	-
Accrued billings	12	27,534	22,069	-	-
Trade receivables	13	35,450	35,602	-	-
Other receivables and deposits	14	11,030	2,013	95,272	68,909
Current tax assets		270	364	-	6
Cash and cash equivalents	15	12,102	9,053	7	101
<b>Total Current Assets</b>		<b>175,102</b>	<b>163,168</b>	<b>95,279</b>	<b>69,016</b>
<b>TOTAL ASSETS</b>		<b>244,639</b>	<b>238,788</b>	<b>197,097</b>	<b>170,846</b>
<b>EQUITY AND LIABILITIES</b>					
<b>Equity</b>					
Share capital	16	153,869	153,869	153,869	153,869
Retained earnings		22,830	14,858	38,488	6,033
		176,699	168,727	192,357	159,902
Non-controlling interest		2,005	2,046	-	-
<b>Total Equity</b>		<b>178,704</b>	<b>170,773</b>	<b>192,357</b>	<b>159,902</b>
<b>Non-Current Liabilities</b>					
Obligation under finance leases	17	220	363	-	-
Deferred tax liabilities	19	9,274	11,297	-	-
<b>Total Non-Current Liabilities</b>		<b>9,494</b>	<b>11,660</b>	<b>-</b>	<b>-</b>
<b>Current Liabilities</b>					
Trade payables	20	28,968	26,301	-	-
Other payables and accruals	21	26,735	27,570	4,740	10,944
Obligation under finance leases	17	145	156	-	-
Current tax liabilities		593	2,328	-	-
<b>Total Current Liabilities</b>		<b>56,441</b>	<b>56,355</b>	<b>4,740</b>	<b>10,944</b>
<b>Total Liabilities</b>		<b>65,935</b>	<b>68,015</b>	<b>4,740</b>	<b>10,944</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>244,639</b>	<b>238,788</b>	<b>197,097</b>	<b>170,846</b>

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 31 DECEMBER 2013  
TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

**Y&G CORPORATION BHD.**  
(Incorporated in Malaysia)

**STATEMENTS OF COMPREHENSIVE INCOME  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013**

	Note	GROUP		COMPANY	
		2013	2012	2013	2012
		RM'000	RM'000	RM'000	Restated RM'000
Revenue	22	109,880	158,926	31,248	16,487
Cost of sales	23	(90,429)	(135,106)	-	-
Gross profit		19,451	23,820	31,248	16,487
Other income		5,154	905	3,990	-
Administration expenses		(5,145)	(2,537)	(224)	(216)
Selling and distribution expenses		(6,416)	(5,118)	-	-
Other operating expenses		(2,182)	(8,427)	(2,559)	(7,878)
Profit from operations		10,862	8,643	32,455	8,393
Finance cost	24	(525)	(240)	-	(1)
Profit before tax	25	10,337	8,403	32,455	8,392
Income tax expense	28	(2,406)	(3,513)	-	-
Profit for the financial year		7,931	4,890	32,455	8,392
Other comprehensive income		-	-	-	-
<b>Total comprehensive income</b>		<b>7,931</b>	<b>4,890</b>	<b>32,455</b>	<b>8,392</b>
<b>Profit attributable to:-</b>					
Owners of the parent		7,972	4,902	32,455	8,392
Non-controlling interest		(41)	(12)	-	-
		<b>7,931</b>	<b>4,890</b>	<b>32,455</b>	<b>8,392</b>
<b>Earnings per share attributable to owners of the parent (Sen per share)</b>	29	<b>5.18</b>	<b>3.19</b>		

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 31 DECEMBER 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

**Y&G CORPORATION BHD.**  
(Incorporated in Malaysia)

**STATEMENTS OF CHANGES IN EQUITY  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013**

	-----Attributable to Equity Holders of the Parent----- Distributable			Non- controlling interest RM'000	Total equity RM'000
	Share capital RM'000	Retained earnings RM'000	Total RM'000		
<b>GROUP</b>					
As at 1 January 2012	153,869	9,956	163,825	2,058	165,883
Profit for the financial year	-	4,902	4,902	(12)	4,890
Other comprehensive income	-	-	-	-	-
<b>Total comprehensive income/(expense)</b>	-	4,902	4,902	(12)	4,890
<b>As at 31 December 2012</b>	<b>153,869</b>	<b>14,858</b>	<b>168,727</b>	<b>2,046</b>	<b>170,773</b>
Profit for the financial year	-	7,972	7,972	(41)	7,931
Other comprehensive income	-	-	-	-	-
<b>Total comprehensive income/(expense)</b>	-	7,972	7,972	(41)	7,931
<b>As at 31 December 2013</b>	<b>153,869</b>	<b>22,830</b>	<b>176,699</b>	<b>2,005</b>	<b>178,704</b>

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 31 DECEMBER 2013  
TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

**Y&G CORPORATION BHD.**  
(Incorporated in Malaysia)

**STATEMENTS OF CHANGES IN EQUITY  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013**

COMPANY	Share capital RM'000	Distributable	Total equity RM'000
		Retained earnings RM'000	
As at 1 January 2012	153,869	(2,359)	151,510
Profit for the financial year	-	8,392	8,392
Other comprehensive income	-	-	-
<b>Total comprehensive income</b>	<b>-</b>	<b>8,392</b>	<b>8,392</b>
As at 31 December 2012	153,869	6,033	159,902
Profit for the financial year	-	32,455	32,455
Other comprehensive income	-	-	-
<b>Total comprehensive income</b>	<b>-</b>	<b>32,455</b>	<b>32,455</b>
As at 31 December 2013	153,869	38,488	192,357

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 31 DECEMBER 2013  
TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

**Y&G CORPORATION BHD.**  
(Incorporated in Malaysia)

**STATEMENTS OF CASH FLOWS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013**

	Note	GROUP	
		2013 RM'000	2012 Restated RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before tax		10,337	8,403
Adjustments for:-			
Depreciation of property, plant and equipment	5	409	395
Interest expenses	24	525	240
Provision for corporate guarantee	25	72	5,371
Interest income	25	(68)	(62)
Reversal of provision for corporate guarantee	25	(3,990)	-
Late interest income	25	(457)	(398)
Operating profit before changes in working capital		6,828	13,949
<b>Changes in working capital</b>			
Property development expenditure		18,307	24,965
Accrued billings		(5,465)	(11,875)
Trade and other receivables		(9,220)	1,462
Trade and other payables		6,399	(16,681)
Amount owing to a Director		(649)	3,771
Cash from operations		16,200	15,591
Tax paid		(6,070)	(7,318)
<b>Net cash from operating activities</b>		<b>10,130</b>	<b>8,273</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Addition of land held for development	7	(77)	(69)
Interest income	25	68	62
Late interest income	25	457	398
Purchase of property, plant and equipment	5(a)	(7,205)	(311)
Proceed from disposal of investment property		-	1,600
<b>Net cash (used in)/from investing activities</b>		<b>(6,757)</b>	<b>1,680</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Repayment of term loan		(146)	(5,466)
Repayment of obligation under finance leases		(178)	(159)
<b>Net cash used in financing activities</b>		<b>(324)</b>	<b>(5,625)</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>			
		3,049	4,328
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>			
		9,053	4,725
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>			
	15	12,102	9,053

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 31 DECEMBER 2013  
TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

**Y&G CORPORATION BHD.**  
(Incorporated in Malaysia)

**STATEMENTS OF CASH FLOWS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013**

	Note	COMPANY	
		2013 RM'000	2012 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before tax		32,455	8,392
Adjustments for:			
Depreciation of property, plant and equipment	5	28	26
Dividend income	25	(30,000)	(15,000)
Reversal of provision for corporate guarantee	25	(3,990)	-
Provision for corporate guarantee	25	72	5,371
Operating loss before changes in working capital		(1,435)	(1,211)
<b>Changes in working capital</b>			
Other receivables		(26,363)	(15,498)
Other payables		(65)	(116)
Amount owing to a Director		(2,221)	441
Cash used in operation		(30,084)	(16,384)
Tax refunded		6	-
<b>Net cash used in operating activities</b>		<b>(30,078)</b>	<b>(16,384)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment	5(a)	(16)	(79)
Proceed from disposal of investment property		-	1,600
Dividend income	25	30,000	15,000
<b>Net cash from investing activities</b>		<b>29,984</b>	<b>16,521</b>
<b>CASH FLOWS FROM FINANCING ACTIVITY</b>			
Repayment of term loan		-	(99)
<b>Net cash used in financing activity</b>		<b>-</b>	<b>(99)</b>
<b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>		<b>(94)</b>	<b>38</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>		<b>101</b>	<b>63</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	15	<b>7</b>	<b>101</b>

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

**OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 31 DECEMBER 2013  
TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

**Y&G CORPORATION BHD.**  
(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS, 31 DECEMBER 2013**

**1. CORPORATE INFORMATION**

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

The principal place of business of the Company is located at Lot G-01, Ground Floor, Tower B, PJ City Development, No. 15A, Jalan 219, Seksyen 51A, 46100 Petaling Jaya, Selangor Darul Ehsan.

The registered office of the Company is located at No. 2-1, Jalan Sri Hartamas 8, Sri Hartamas, 50480 Kuala Lumpur, Wilayah Persekutuan.

The principal activities of the Company are investment holding, property construction and management services. The principal activities of the subsidiaries are disclosed in Note 8 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 18 April 2014.

**2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS**

**2.1 Basis of Preparation**

The financial statements of the Group and of the Company have been prepared in accordance with applicable approved Financial Reporting Standards ("FRSs") and the provisions of Companies Act, 1965 in Malaysia. At the beginning of the current financial year, the Group and the Company adopted new and amended FRSs and Issues Committee ("IC") Interpretations issued by Malaysian Accounting Standards Board ("MASB") which are mandatory for the financial periods beginning on or after 1 January 2013 as described fully in Note 2.2.

These financial statements are presented in Ringgit Malaysia ("RM"), which is the Group's and the Company's functional currency. All financial information is presented in RM and has been rounded to the nearest thousand, unless otherwise stated.

**2.2 Amendments to FRSs and New FRSs Adopted**

The accounting policies adopted are consistent with those of the previous financial year except as described below. The following new and amended FRSs and IC Interpretations issued by MASB became mandatory for current financial year of the Group and of the Company.

FRS 10	Consolidated Financial Statements
FRS 11	Joint Arrangements

OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 31 DECEMBER 2013  
TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

**Y&G CORPORATION BHD.**  
(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS, 31 DECEMBER 2013**

**2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS (Continued)**

**2.2 Amendments to FRSs and New FRSs Adopted (Continued)**

FRS 12	Disclosure of Interest in Other Entities
FRS 13	Fair Value Measurement
FRS 101	Presentation of Items of Other Comprehensive Income
FRS 119	Employee Benefits
FRS 127	Separate Financial Statements
FRS 128	Investment in Associates and Joint Ventures
Amendments to FRS 1	Government Loans
Amendments to FRS 7	Disclosures-Offsetting Financial Assets and Financial Liabilities
Amendments to FRS 10, FRS 11 and FRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance
Amendments to FRS 1, FRS 101, FRS 116, FRS 132 and FRS 134	Improvements to FRSs (2012)
IC Interpretation 20	Stripping Costs in the Production Phase of a Surface Mine

The adoption of the above standards and interpretations did not have any material effect on the financial performance or position of the Group and of the Company except for those discussed below:-

**FRS 12 Disclosures of Interests in Other Entities**

FRS 12 sets out the disclosure requirement relating to an entity's interest in subsidiaries, joint arrangement, associates and structured entities. The standard requires a reporting entity to disclose information that helps users to assess the nature and financial effects of the reporting entity's relationship with other entities. FRS 12 disclosures are provided in Note 8.

**FRS 13 Fair Value Measurement**

FRS 13 is intended to clarify the measurement objective, harmonise the disclosure requirements and to improve consistency in application of fair value measurement. FRS 13 does not introduce new fair value measurement requirements. Other than additional disclosures, the adoption of FRS 13 does not have impact on the Group's and the Company's financial position or performance.



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**NOTES TO THE FINANCIAL STATEMENTS, 31 DECEMBER 2013**

**2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS (Continued)**

**2.2 Amendments to FRSs and New FRSs Adopted (Continued)**

**Amendments to FRS 101 Presentation of Items of Other Comprehensive Income**

The amendment requires that items of other comprehensive income must be reclassified together into those that will or may be reclassified ("recycled") into profit or loss at a future time and those that will not be reclassified. The amendments affect presentation only, there is no impact on the Group's financial position or performance.

**FRS 127 Separate Financial Statements**

As a consequence of new FRS 10 and FRS 12, FRS 127 is limited to accounting for subsidiaries, joint controlled entities and associates in separate financial statements.

**2.3 Standards Issued But Not Yet Effective**

- (i) The Group and the Company have not adopted the following standards and interpretation that have been issued but not yet effective:-

*Effective for the financial periods beginning on or after 1 January 2014*

Amendments to FRS 10, Investment Entities  
FRS 12 and FRS 127

Amendments to FRS 132      Offsetting Financial Assets and Financial Liabilities

Amendments to FRS 136      Recoverable Amount Disclosures for Non-Financial Assets

Amendments to FRS 139      Novation of Derivatives and Continuation of Hedge  
Accounting

IC Interpretation 21      Levies

*Effective for the financial periods beginning on or after 1 July 2014*

Amendments to FRS 119      Defined Benefit Plans : Employee Contribution

Amendments to FRS 2,      Annual Improvements to FRSs 2010 – 2012 Cycle  
FRS 3, FRS 8, FRS  
13, FRS 116, FRS  
124, FRS 138 and  
FRS 140



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**3. SIGNIFICANT ACCOUNTING POLICIES**

**3.1 Basis of Accounting**

The financial statements of the Group and of the Company have been prepared under the historical cost convention, unless otherwise indicated in the accounting policies stated below.

**3.2 Investment in Subsidiaries**

A subsidiary is an entity over which the Group has the following:-

- (i) Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- (ii) Exposure, or rights, to variable returns from its involvement with the investee; and
- (iii) The ability to use power over the investee to affect the amount of the Company's returns.

Investment in subsidiaries is stated at cost less impairment losses. Such impairment loss is made when there is a decline other than temporary in the value of investments and is recognised as an expense in the period in which the decline occurred. The policy for recognition and measurement of impairment losses is in accordance with Note 3.6. On disposal of an investment, the difference between net disposal proceeds and its carrying amount is charged or credited to the statements of comprehensive income.

**3.3 Basis of Consolidation**

**(a) Subsidiaries**

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the reporting date. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Accounting policies are consistently applied for transactions and events in similar circumstances.

The Company controls an investee if and only if the Company has all the following:-

- (i) Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- (ii) Exposure, or rights, to variable returns from its involvement with the investee; and
- (iii) The ability to use its power over the investee to affect the amount of the Company's returns.

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**3. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**3.3 Basis of Consolidation (Continued)**

**(a) Subsidiaries (Continued)**

When the Company has less than a majority of the voting rights of an investee, the Company considers the following in assessing whether or not the Company's voting rights in an investee are sufficient to give it power over the investee:-

- (i) The size of the company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- (ii) Potential voting rights held by the company, other vote holders or other parties;
- (iii) Rights arising from other contractual arrangements; and
- (iv) Any additional facts and circumstances that indicate that the company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meeting.

Subsidiaries are consolidated when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiaries. All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

Losses of subsidiaries are attributed to the non-controlling interests even if that results in a deficit balance.

Changes in the Group's ownership interest in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interest and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. The resulting difference is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss calculated as the difference between the aggregate of the fair value of the consideration received and the fair value of any retained interest and the previous carrying amount of the assets and liabilities of the subsidiary and any non-controlling interest, is recognised in statements of comprehensive income. The subsidiary's cumulative gain or loss which has been recognised in other comprehensive income and accumulated in equity are reclassified to statements of comprehensive income or where applicable, transferred directly to retained earnings. The fair value of any investment retained in the former subsidiary at the date control is lost is regarded as cost on initial recognition of the investment.

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**3. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**3.3 Basis of Consolidation (Continued)**

**(b) Business Combinations**

Acquisitions of subsidiaries are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. The Group elects on a transaction-by-transaction basis whether to measure the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Transaction costs incurred are expensed and included in administration expenses.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes in the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in accordance with FRS 139 either in statements of comprehensive income or as a change to other comprehensive income. If the contingent consideration is classified as equity, it will not be remeasured. Subsequent settlement is accounted for within equity. In instances where the contingent consideration does not fall within the scope of FRS 139, it is measured in accordance with the appropriate FRS.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through statements of comprehensive income.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than fair value of the net assets of the subsidiary acquired, the difference is recognised in statements of comprehensive income. The accounting policy for goodwill is set out in Note 3.4.

**3.4 Intangible Assets**

Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired is allocated, from the acquisition date, to each of the Group's cash-generating units that are expected to benefit from the synergies of the combination.

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**3. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**3.4 Intangible Assets (Continued)**

The cash generating unit to which goodwill has been allocated is tested for impairment annually and whenever there is an indication that the cash-generating unit may be impaired, by comparing the carrying amount of the cash-generating unit, including the allocated goodwill, with the recoverable amount of the cash generating unit. Where the recoverable amount of cash-generating unit is less than the carrying amount, an impairment loss is recognised in the statements of comprehensive income.

Where goodwill forms part of a cash-generating unit and part of the operation within that cash-generating unit is disposed off, the goodwill associated with the operation disposed off is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed off in this circumstances is measured based on the relative fair values of the operations disposed off and the portion of cash-generating unit retained.

**3.5 Property, Plant and Equipment and Depreciation**

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.6.

Depreciation on property, plant and equipment is calculated on the straight-line method so as to write off the cost of the property, plant and equipment net of impairment losses over their estimated useful lives. The principal annual rates used are as follows:-

Motor vehicles	20%
Renovation	10%
Furniture and fittings	10%
Plant, machinery and equipment	10% - 20%

There is no depreciation on freehold land and freehold building under construction.

The residual values, useful life and depreciation method are reviewed at each financial year end to ensure that the amount, method and period of depreciation are consistent with previous estimates of the future economic benefits embodied in the items of property, plant and equipment.

Upon the disposal of an item of property, plant and equipment, the difference between the net disposal proceeds and the net carrying amount is recognised in the statements of comprehensive income.

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(Incorporated in Malaysia)****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013****3. SIGNIFICANT ACCOUNTING POLICIES (Continued)****3.6 Impairment of Non-Financial Assets**

The Group and the Company assess at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment assessment for an asset is required, the Group and the Company make an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units ("CGU")).

In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a *pro-rata* basis.

Impairment losses are recognised in the statements of comprehensive income except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. The increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in the statements of comprehensive income unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase. Impairment loss on goodwill is not reversed in a subsequent period.

**3.7 Investment Properties**

Investment properties are properties held either to earn income or for capital appreciation or for both. Initially investments are measured at cost including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value. Gains or losses arising from changes in the fair values of investment properties are recognised in the statements of comprehensive income in the year in which they arise.

Investment properties are derecognised when they either were disposed off or when the investment property is permanently withdrawn from use and no future benefit is expected from its disposal.

On derecognition of an investment property, the difference between the net disposal proceeds and the carrying amount is recognised in the statements of comprehensive income.

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**3. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**3.8 Financial Instruments**

A financial instrument is any contract that gives rise to a financial asset of one enterprise and a financial liability or equity instrument of another enterprise.

A financial asset is any asset that is cash, an equity instrument of another enterprise, a contractual right to receive cash or another financial asset from another enterprise, or a contractual right to exchange financial assets or financial liabilities with another enterprise under conditions that are potentially favourable to the Group and the Company.

A financial liability is any liability that is a contractual obligation to deliver cash or another financial asset to another enterprise, or a contractual obligation to exchange financial assets or financial liabilities with another enterprise under conditions that are potentially unfavourable to the Group and the Company.

Financial instruments are recognised in the statements of financial position when the Group and the Company have become a party to the contractual provisions of the instrument. At initial recognition, a financial instrument is recognised at 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 issuance of the financial instrument.

An embedded derivative is separated from the host contract and accounted for as a derivative if, and only if the economic characteristics and risks of the embedded derivative is not closely related to the economic characteristics and risks of the host contract, a separate instrument with the same terms as the embedded derivative meets the definition of a derivative, and the hybrid instrument is not measured at fair value through profit or loss.

**(a) Financial Assets**

A financial asset is classified into the following four categories after initial recognition for the purpose of subsequent measurement:-

**(i) Financial assets at fair value through profit or loss**

Financial assets at fair value through profit or loss comprise financial assets that are held for trading (i.e. financial assets acquired principally for the purpose of resale in the near term), derivatives (both, freestanding and embedded) and financial assets that were specifically designated into this classification upon initial recognition.



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**3. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**3.8 Financial Instruments (Continued)**

**(a) Financial Assets (Continued)**

**(i) Financial assets at fair value through profit or loss (Continued)**

Subsequent to initial recognition, financial assets classified as fair value through profit or loss is measured at fair value. Any gains or losses arising from changes in the fair value of financial assets classified as at fair value through profit or loss are recognised in the statements of comprehensive income. Net gains or losses on financial assets classified as at fair value through profit or loss exclude foreign exchange gains and losses, interest and dividend income. Such income is recognised separately in the statements of comprehensive income as components of other income or other operating losses.

However, derivatives that is linked to and must be settled by delivery of unquoted equity instruments that do not have a quoted market price in an active market are recognised at cost.

**(ii) Held-to-maturity investments**

Financial assets classified as held-to-maturity comprise non-derivative financial assets with fixed or determinable payments and fixed maturity that the Group and the Company has the positive intention and ability to hold to maturity.

Subsequent to initial recognition, financial assets classified as held-to-maturity are measured at amortised cost using the effective interest method. Gains or losses on financial assets classified as held-to-maturity are recognised in the statements of comprehensive income when the financial assets are derecognised or impaired, and through the amortisation process.

**(iii) Loans and receivables**

Financial assets classified as loans and receivables comprise non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

Subsequent to initial recognition, financial assets classified as loans and receivables are measured at amortised cost using the effective interest method. Gains or losses on financial assets classified as loans and receivables are recognised in the statements of comprehensive income when the financial assets are derecognised or impaired, and through the amortisation process.

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**3. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**3.8 Financial Instruments (Continued)**

**(a) Financial Assets (Continued)**

**(iv) Available-for-sale financial assets**

Financial assets classified as available-for-sale comprise non-derivative financial assets that are designated as available for sale or are not classified as loans and receivables, held-to-maturity investments or financial assets at fair value through profit or loss.

Subsequent to initial recognition, financial assets classified as available-for-sale are measured at fair value. Any gains or losses arising from changes in the fair value of financial assets classified as available-for-sale are recognised directly in other comprehensive income, except for impairment losses and foreign exchange gains and losses, until the financial asset is derecognised, at which time the cumulative gains or losses previously recognised in other comprehensive income are recognised in the statements of comprehensive income. However, interest calculated using the effective interest method is recognised in the statement of comprehensive income whilst dividends on available-for-sale equity instruments are recognised in the statements of comprehensive income when the Group's and the Company's right to receive payment is established.

A financial asset is derecognised when the contractual right to receive cash flows from the financial asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised directly in other comprehensive income shall be recognised in the statements of comprehensive income.

A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or market place convention.

**(b) Financial Liabilities**

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. A financial liability is classified into the following two categories after initial recognition for the purpose of subsequent measurement:-

**(i) Financial liabilities at fair value through profit or loss**

Financial liabilities at fair value through profit or loss comprise financial liabilities that are held for trading, derivatives (both, freestanding and embedded) and financial liabilities that were specifically designated into this classification upon initial recognition.

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**3. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**3.8 Financial Instruments (Continued)**

**(b) Financial Liabilities (Continued)**

**(i) Financial liabilities at fair value through profit or loss (Continued)**

Subsequent to initial recognition, financial liabilities classified as fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in the fair value of financial liabilities classified as fair value through profit or loss are recognised in the statements of comprehensive income. Net gains or losses on financial liabilities classified as fair value through profit or loss exclude foreign exchange gains and losses, interest and dividend income. Such income is recognised separately in the statements of comprehensive income as components of other income or other operating losses.

**(ii) Other financial liabilities**

Financial liabilities classified as other financial liabilities comprise non-derivative financial liabilities that are neither held for trading nor initially designated as fair value through profit or loss.

Subsequent to initial recognition, other financial liabilities are measured at amortised cost using the effective interest method. Gains or losses on other financial liabilities are recognised in the statements of comprehensive income when the financial liabilities are derecognised and through the amortisation process.

A financial liability is derecognised when, and only when, it is extinguished, i.e. when the obligation specified in the contract is discharged or cancelled or expired. An exchange between an existing borrower and lender of debt instruments with substantially different terms are accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability.

The difference between the carrying amount of a financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in statements of comprehensive income.

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**3. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**3.8 Financial Instruments (Continued)**

**(b) Financial Liabilities (Continued)**

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

**3.9 Impairment of Financial Assets**

The Group and the Company assess at each reporting date whether there is any objective evidence that a financial asset is impaired.

**(a) Trade and Other Receivables and Other Financial Assets Carried At Amortised Cost**

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group and the Company consider factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments. For certain categories of financial assets, such as trade receivables, receivables that are reasonably assessed not to be impaired individually are subsequently assessed for impairment on a collective basis based on similar risk characteristics. Objective evidence of impairment for a portfolio of receivables could include the Group's and the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period and observable changes in national or local economic conditions that correlate with default on receivables.

If any such evidence exists, the amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The impairment loss is recognised in statements of comprehensive income.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable becomes uncollectible, it is written off against the allowance account.

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**3. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**3.9 Impairment of Financial Assets (Continued)**

**(a) Trade and Other Receivables and Other Financial Assets Carried At Amortised Cost (Continued)**

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in statements of comprehensive income.

**(b) Unquoted Equity Securities Carried At Cost**

If there is objective evidence (such as significant adverse changes in the business environment where the issuer operates, probability of insolvency or significant financial difficulties of the issuer) that an impairment loss on financial assets carried at cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

**(c) Available-For-Sale Financial Assets**

Significant or prolonged decline in fair value below cost, significant financial difficulties of the issuer or obligor, and the disappearance of an active trading market are considerations to determine whether there is objective evidence that investment securities classified as available-for-sale financial assets are impaired.

If an available-for-sale financial asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in the statements of comprehensive income, is transferred from equity to the statements of comprehensive income.

Impairment losses on available-for-sale equity investments are not reversed in the statements of comprehensive income in the subsequent periods. Increase in fair value, if any, subsequent to impairment loss is recognised in other comprehensive income. For available-for-sale debt investments, impairment losses are subsequently reversed in the statements of comprehensive income if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss in the statements of comprehensive income.

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**3. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**3.10 Contingencies**

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future event(s) not wholly within the control of the Group and the Company.

Contingent liabilities and assets are not recognised in the statements of financial position of the Group and the Company.

**3.11 Cash and Cash Equivalents**

Cash and cash equivalents comprise cash and bank balances and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

**3.12 Share Capital**

An equity instrument is any contract that evidences a residual interest in the assets of the Group and of the Company after deducting all of its liabilities. Ordinary shares are equity instruments.

Ordinary shares are recorded at the proceeds received. Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

**3.13 Provision**

Provisions are recognised when the Group and the Company has a present obligation as a result of past events, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and when a reliable estimate of the amount can be made.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the provision is the present value of the estimated expenditure required to settle the obligation.

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**3. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**3.14 Finance Lease**

Finance lease, which transfer to the Group and the Company substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to the statements of comprehensive income. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

Leased assets are depreciated over the estimated useful life of the asset. However, if there is no reasonable certainty that the Group and the Company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life and the lease term.

Operating lease payments are recognised as an expense in the statements of comprehensive income on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

**3.15 Construction Contracts**

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs that are probable of recovery and contract costs are recognised as expenses in the reporting period in which they are incurred.

When the outcome of a construction contract can be estimated reliably, contract revenue and contract costs are recognised over the period of the contract as revenue and expenses respectively. The Group uses the percentage of completion method to determine the appropriate amount of revenue and cost to be recognised in a given period. The stage of completion is measured by reference to the percentage of contract costs incurred for work performed to date to estimated cost of each contract. When it is probable that total contract cost will exceed total contract revenue, the expected loss is recognised as an expense immediately.

The aggregate of the costs incurred and the profit or loss recognised on each contract is compared against the progress billings up to the end of the reporting periods. Where cost incurred and recognised profit (less recognised losses) exceeds the progress billings, the balance is shown as amounts owing from customers on construction contracts. Where progress billings exceed costs incurred plus recognised profit (less recognised losses), the balance is shown as amounts owing to customers on construction contracts. Cost includes cost of material, labour, sub-contract charges and attributable overheads.

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**3. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**3.16 Land Held for Property Development and Property Development Expenditure**

**(a) Land held for property development**

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 expenditure 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.

**(b) Property development expenditure**

Property development expenditure 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 statements of comprehensive income by using the stage of completion method. The stage of completion is measure by the surveys of work performance.

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 period in which they are incurred.

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

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

The excess of revenue recognised in the statements of comprehensive income over billings to purchasers is classified as accrued billings within current assets and the excess of billings to purchasers over revenue recognised in the statements of comprehensive income is classified as progress billings within current liabilities.



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**3. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**3.17 Non-Current Asset Held For Sale**

Non-current assets, or disposal group comprising assets and liabilities that are expected to be recovered primarily through sale rather than through continuing use, are classified as held for sale.

Immediately before classification as held for sale, the assets, or components of a disposal group are remeasured in accordance with the Group's accounting policies. Thereafter, generally the assets, or disposal group are measured at the lower of their carrying amount and fair value less costs to sell.

Any impairment loss on a disposal group is first allocated to goodwill, and then to remaining assets and liabilities on a *pro rata* basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets and investment property, which continue to be measured in accordance with the Group's accounting policies. Impairment losses on initial classification as held for sale and subsequent gains or losses on remeasurement are recognised in statements of comprehensive income. Gains are not recognised in excess of any cumulative impairment loss.

Intangible assets and property, plant and equipment once classified as held for sale or distribution are not amortised or depreciated. In addition, equity accounting of equity accounted investees ceases once classified as held for sale or distribution.

**3.18 Borrowing Costs**

Interest-bearing borrowings are recognised based on the proceeds received, net of transactions costs incurred. Borrowings costs directly attributable to the acquisition of property, plant and equipment are capitalised as part of the cost of those assets, until such time as the assets are ready for their intended use or sale. All other borrowings costs are charged to the statements of comprehensive income as expenses in the period in which they are incurred.

**3.19 Employee Benefits**

**(a) Short term benefits**

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees of the Group and the Company.

**(b) Defined contribution plans**

As required by law, companies in Malaysia make contributions to Employee Provident Fund ("EPF"). This contribution is recognised as an expense in the statements of comprehensive income as incurred. Once contributions have been paid, the Group and the Company have no further payment obligations.

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**3. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**3.20 Income Tax**

Income tax on the statements of comprehensive income for the year comprises current and deferred tax. Current tax is the expected amount of income taxes payable in respect of the taxable profit for the year, using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustments recognised in the year for current tax of prior years.

Deferred tax is recognised on all temporary differences between the carrying amounts of the assets and liabilities and their tax bases except where the temporary difference arises from goodwill or negative goodwill or from the initial recognition of an asset or liability in a transaction, which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable income.

Deferred tax assets are recognised only to the extent that there are sufficient taxable temporary differences relating to the same taxation authority to offset or when it is probable that future taxable income will be available against which the assets can be realisable. Deferred tax assets are reviewed at the end of each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realisable.

Deferred tax is measured at tax rates that are expected to apply in the period in which the assets are realised or the liabilities are settled, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset, if and only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

**3.21 Revenue**

Revenue is recognised when it is probable that the economic benefits associated with the transaction will flow to the enterprise and the amount of the revenue can be measured reliably.

- (a) **Sale of properties**  
Revenue from sale of properties is accounted for by the stage of completion method as described in Note 3.16(b).
- (b) **Construction contracts**  
Revenue from construction contracts is accounted for by the stage of completion method as described in Note 3.15.
- (c) **Interest income**  
Interest income is recognised using the effective interest method.
- (d) **Rental income**  
Rental income is recognised on an accrual basis.

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**3. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**3.21 Revenue (Continued)**

- (e) **Dividend income**  
Dividend income is recognised when the right to receive payment is established.
- (f) **Management fee**  
Management fee is recognised when services are rendered.

**3.22 Related Parties**

A party is related to an entity if:

- (a) directly, or indirectly through one or more intermediaries, the party:
  - (i) controls, is controlled by, or is under common control with, the entity (this includes parents, subsidiaries and fellow subsidiaries); or
  - (ii) has an interest in the entity that gives it significant influence over the entity; or
  - (iii) has joint control over the entity.
- (b) the party is an associate of the entity; or
- (c) the party is a joint venture in which the entity is a venturer; or
- (d) the party is a member of the key management personnel of the entity or its parent; or
- (e) the party is a close member of the family of any individual referred to in (a) or (d); or
- (f) the party is an entity that is controlled, jointly controlled or significantly influenced by, or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (d) or (e); or
- (g) the party is a post-employment benefit plan for the benefit of employees of the entity, or of any entity that is a related party of the entity.

**3.23 Segment Reporting**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker is responsible for allocating resources and assessing performance of the operating segments and make overall strategic decisions. The Group's operating segments are organised and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

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**NOTES TO THE FINANCIAL STATEMENTS, 31 DECEMBER 2013**

**3. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**3.24 Fair Value Measurement**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:-

- (a) In the principal market for the asset or liability; or
- (b) In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:-

- (a) Level 1- Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- (b) Level 2- Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- (c) Level 3- Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group 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.

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(Incorporated in Malaysia)****NOTES TO THE FINANCIAL STATEMENTS, 31 DECEMBER 2013****4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS**

The preparation of the Group's and the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

**4.1 Judgements Made In Applying Accounting Policies**

In the process of applying the Group's and the Company's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:-

**(a) Impairment of non-financial assets**

When the recoverable amount of a non-financial asset is determined based on the estimate of the value in use of the cash generating units to which the assets is allocated, the management is required to make an estimate of the expected future cash flows from the cash-generating units and also to apply a suitable discount rate in order to determine the present value of those cash flows.

**(b) Impairment of trade and other receivables**

An impairment loss is recognised when there is objective evidence that a financial asset is impaired. Management specifically reviews its receivables financial assets and analyses historical bad debts, customer concentrations, customer creditworthiness, current economic trends and changes in the customer payment terms when making a judgement to evaluate the adequacy of the allowance for impairment losses. Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. If the expectation is different from the estimation, such difference will impact the carrying value of receivables.

**(c) Property development and construction contract revenue**

The Group recognises property development and construction contract revenue and expenses in statements of comprehensive income by using the stage of completion method. The stage of completion method is described in Note 3.16(b) and 3.15. Where foreseeable losses on development properties or construction contract are anticipated, full allowance of those losses is made in the financial statements.

Significant judgement is required in determining the stage of completion, the extent of the property development and construction costs incurred, the estimated total property development and construction contract revenue and costs, as well as the recoverability of the development or construction projects. In making the judgement, the Group evaluates based on past experience and by relying on the work of specialists.

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**NOTES TO THE FINANCIAL STATEMENTS, 31 DECEMBER 2013**

**4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)**

**4.1 Judgements Made In Applying Accounting Policies (Continued)**

**(d) Impairment of interest in subsidiaries**

Interest in subsidiaries which include the investment in subsidiaries and advances to subsidiaries are assessed at the end of each reporting period to determine whether there is any indication of impairment. If such impairment exist, an estimation of their recoverable amount is required.

Estimating the recoverable amount requires management to make an estimate of the expected future cash flows from the subsidiaries and also to choose a suitable discount rate in order to calculate the present value of those cash flows. Future cash flows largely depends on the forecast of the future performance of the subsidiaries.

**4.2 Key Sources of Made In Estimation Uncertainty**

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

**(a) Useful lives of property, plant and equipment**

The estimates for residual values, useful lives and related depreciation charges for the property, plant and equipment are based on commercial and production factors which could change significantly as a result of technical innovations and competitors' actions in response to the market conditions.

Changes in the expected level of usage and technological development could impact the economic useful lives and the residual lives of these assets, therefore future depreciation charges could be revised and impairment loss could be provided.

The carrying amount of the Group's and the Company's property, plant and equipment as at reporting date is disclosed in Note 5 to the financial statements.

**(b) Taxation**

Significant estimation is involved in determining the provision for income taxes. There are many transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group estimated the tax liabilities based on the understanding of prevailing tax laws and estimates of whether additional taxed will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

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**NOTES TO THE FINANCIAL STATEMENTS, 31 DECEMBER 2013**

**4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)**

**4.2 Key Sources of Estimation Uncertainty (Continued)**

**(c) Deferred tax assets**

Deferred tax assets are recognised for all unused tax losses and unabsorbed capital allowances to the extent that it is probable that taxable profit will be available against which the losses and capital allowances can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits.

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NOTES TO THE FINANCIAL STATEMENTS, 31 DECEMBER 2013

5. PROPERTY, PLANT AND EQUIPMENT

GROUP

	Freehold land RM'000	Freehold building under construction RM'000	Motor vehicles RM'000	Renovation RM'000	Furniture and fittings RM'000	Plant, machinery and equipment RM'000	Total RM'000
<b>Cost</b>							
At 1 January 2013	7,103	96	1,186	782	323	471	9,961
Additions during the year	-	7,059	-	1	-	145	7,205
At 31 December 2013	7,103	7,155	1,186	783	323	616	17,166
<b>Accumulated depreciation</b>							
At 1 January 2013	-	-	623	161	112	129	1,025
Charge for the year	-	-	238	78	32	61	409
At 31 December 2013	-	-	861	239	144	190	1,434
<b>Net carrying amount</b>							
At 31 December 2013	7,103	7,155	325	544	179	426	15,732



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NOTES TO THE FINANCIAL STATEMENTS, 31 DECEMBER 2013

5. PROPERTY, PLANT AND EQUIPMENT (Continued)

GROUP

	Freehold land RM'000	Freehold building under construction RM'000	Motor vehicles RM'000	Renovation RM'000	Furniture and fittings RM'000	Plant, machinery and equipment RM'000	Total RM'000
<b>Cost</b>							
At 1 January 2012	15,734	24	887	758	275	353	18,031
Additions during the year	-	72	299	24	48	118	561
Reclassification (Note 10)	(8,631)	-	-	-	-	-	(8,631)
At 31 December 2012	7,103	96	1,186	782	323	471	9,961
<b>Accumulated depreciation</b>							
At 1 January 2012	-	-	386	83	79	82	630
Charge for the year	-	-	237	78	33	47	395
At 31 December 2012	-	-	623	161	112	129	1,025
<b>Net carrying amount</b>							
At 31 December 2012	7,103	96	563	621	211	342	8,936

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**NOTES TO THE FINANCIAL STATEMENTS, 31 DECEMBER 2013**

**5. PROPERTY, PLANT AND EQUIPMENT (Continued)**

**COMPANY**

	Renovation RM'000	Furniture and fittings RM'000	Plant, machinery and equipment RM'000	Total RM'000
<b>2013</b>				
<b>Cost</b>				
At 1 January 2013	72	60	131	263
Additions during the year	2	-	14	16
At 31 December 2013	74	60	145	279
<b>Accumulated depreciation</b>				
At 1 January 2013	20	47	29	96
Charge for the year	7	6	15	28
At 31 December 2013	27	53	44	124
<b>Net carrying amount</b>				
At 31 December 2013	47	7	101	155
<b>2012</b>				
<b>Cost</b>				
At 1 January 2012	57	57	70	184
Additions during the year	15	3	61	79
At 31 December 2012	72	60	131	263
<b>Accumulated depreciation</b>				
At 1 January 2012	13	41	16	70
Charge for the year	7	6	13	26
At 31 December 2012	20	47	29	96
<b>Net carrying amount</b>				
At 31 December 2012	52	13	102	167

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**NOTES TO THE FINANCIAL STATEMENTS, 31 DECEMBER 2013**

**5. PROPERTY, PLANT AND EQUIPMENT (Continued)**

- (a) During the financial year, the Group and the Company acquired property, plant and equipment through the following arrangements:-

	-----GROUP-----		-----COMPANY-----	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Total cost of property, plant and equipment acquired	7,205	561	16	79
Less:				
Purchase consideration:-				
Satisfied by obligation under finance leases	-	(250)	-	-
	<u>7,205</u>	<u>311</u>	<u>16</u>	<u>79</u>

- (b) The Group's carrying amount of motor vehicles acquired under finance leases which still have outstanding instalments at the reporting date was RM317,081 (2012: RM351,273).
- (c) Included in property, plant and equipment of the Group are the following fully depreciated assets which are still in use:-

	2013 RM'000	2012 RM'000
<b>Cost</b>		
Motor vehicles	136	-
Plant, machinery and equipment	12	-
	<u>148</u>	<u>-</u>

- (d) Motor vehicle of the Group with carrying amount of RM179,000 (2012: RM239,000) is registered in the name of a corporation in which certain Directors have interest who holds the asset in trust.
- (e) As at 31 December 2012, the freehold land under the Group with carrying amount of RM7,103,000 has been charged as security to a financial institution for banking facilities granted to a subsidiary as stated in Note 18 to the financial statements.

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6. INVESTMENT PROPERTIES

	GROUP		COMPANY	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
<b>Cost</b>				
At 1 January	-	2,340	-	2,340
Disposal during the year	-	(2,340)	-	(2,340)
At 31 December	-	-	-	-
<b>Accumulated impairment</b>				
At 1 January	-	740	-	740
Disposal during the year	-	(740)	-	(740)
At 31 December	-	-	-	-
<b>Net carrying amount</b>				
At 31 December	-	-	-	-

7. LAND HELD FOR PROPERTY DEVELOPMENT

GROUP	Freehold land, at valuation RM'000	Freehold land, at cost RM'000	Development expenditure, at cost RM'000	Total RM'000
	At 1 January 2013	13,800	34,940	17,389
Additions during the year	-	-	77	77
Reclassified to property development expenditure (Note 11)	-	(9,000)	(3,956)	(12,956)
At 31 December 2013	13,800	25,940	13,510	53,250
At 1 January 2012	13,800	34,940	17,320	66,060
Additions during the year	-	-	69	69
At 31 December 2012	13,800	34,940	17,389	66,129

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**NOTES TO THE FINANCIAL STATEMENTS, 31 DECEMBER 2013**

**8. INVESTMENT IN SUBSIDIARIES**

**COMPANY**

	2013 RM'000	2012 RM'000
Unquoted shares, at cost	104,115	104,115
Less:		
Accumulated impairment losses	<u>(2,452)</u>	<u>(2,452)</u>
	<u>101,663</u>	<u>101,663</u>

The subsidiaries, all of which are incorporated in Malaysia, are as follows:-

Name of subsidiaries	Principal activities	% of ownership interest held by the Group		% of ownership interest held by non-controlling interest	
		2013	2012	2013	2012
<i>Direct subsidiaries</i>					
Bumida Engineering & Construction Sdn. Bhd.	Property development and construction work	80	80	20	20
Nikmat Bidara Sdn. Bhd. *	Property development	100	100	-	-
Sempurna Rampai Sdn. Bhd.	Construction work and general trading	100	100	-	-
Melati Purnama Sdn. Bhd.	Construction work	100	100	-	-
Sentosa Teliti Sdn. Bhd.	Construction work	100	100	-	-
Mentari Jelas Sdn. Bhd.	Construction work and general trading	100	100	-	-
Melia Aktif Sdn. Bhd. *	Dormant	100	100	-	-
Elemen Cepak Sdn. Bhd. *	Dormant	100	100	-	-
Beta Fame Sdn. Bhd.	Property investment	100	100	-	-
Teras Zaman Sdn. Bhd. *	Property development	100	100	-	-
Hala Kota Development Sdn. Bhd.	Property development	100	100	-	-

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8. INVESTMENT IN SUBSIDIARIES (Continued)

Name of subsidiaries	Principal activities	% of ownership interest held by the Group		% of ownership interest held by non-controlling interest	
		2013	2012	2013	2012
<i>Indirect subsidiaries</i>					
<b>Subsidiaries of Beta Fame Sdn. Bhd.</b>					
Beta Fame Development Sdn. Bhd.	Property development	100	100	-	-
Dataran Majujaya Sdn. Bhd.	Property investment holding	100	100	-	-

All subsidiary undertakings are included in the consolidation. The proportion of the voting rights in the subsidiary undertakings held directly by the parent company do not differ from the proportion of ordinary shares held.

The financial statements of the subsidiaries for the financial year ended 31 December 2013 are audited by Messrs. T. H. Kuan & Co.. Prior to this financial year, the subsidiaries' financial statements were audited by auditors other than Messrs. T. H. Kuan & Co..

\* The auditors' report contained an emphasis of matter paragraph as there is an indication of a material uncertainty that exists which may cast significant doubt on its ability to continue as a going concern. The Directors of the Company are of the opinion that the significant doubts of the ability to continue as a going concern of these subsidiaries do not have any significant impact on the financial position of the Group and of the Company.

Financial information of Bumida Engineering & Construction Sdn. Bhd., a subsidiary that have material non-controlling interest are provided below:-

(a) Summarised statement of financial position

	2013 RM'000	2012 RM'000
Non-current assets	14,401	14,324
Current assets	39	37
Total assets	14,440	14,361
Current liabilities	(4,380)	(4,098)
Net assets	10,060	10,263
Equity attributable to equity holders of the Company	8,055	8,217
Non-controlling interest	2,005	2,046

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**NOTES TO THE FINANCIAL STATEMENTS, 31 DECEMBER 2013**

**8. INVESTMENT IN SUBSIDIARIES (Continued)**

(b) Summarised statement of comprehensive income

	2013 RM'000	2012 RM'000
Revenue	-	-
Loss for the year	<u>(203)</u>	<u>(64)</u>
Loss attributable to equity holders of the Company	(162)	(52)
Loss attributable to non-controlling interest	<u>(41)</u>	<u>(12)</u>
Total comprehensive expense	<u>(203)</u>	<u>(64)</u>

(c) Summarised statement of cash flows

	2013 RM'000	2012 RM'000
Net cash from operating activities	<u>1</u>	<u>-</u>
Net increase in cash and cash equivalents	1	-
Cash and cash equivalents at the beginning of the year	<u>2</u>	<u>2</u>
Cash and cash equivalents at the end of the year	<u>3</u>	<u>2</u>

**9. INTANGIBLE ASSET**

**GROUP**

	2013 RM'000	2012 RM'000
<b>Goodwill on Consolidation</b>		
<b>Cost</b>		
At 1 January/ 31 December	555	555
<b>Accumulated impairment</b>		
At 1 January/ 31 December	<u>-</u>	<u>-</u>
<b>Net carrying amount</b>		
At 31 December	<u>555</u>	<u>555</u>

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**10. ASSET HELD FOR SALE**

**GROUP**

	2013 RM'000	2012 RM'000
<b>Cost</b>		
At 1 January	8,631	-
Reclassified from property, plant and equipment (Note 5)	<u>-</u>	<u>8,631</u>
At 31 December	<u>8,631</u>	<u>8,631</u>

The asset held for sale is in relation to the cost of a piece of freehold land together with the associated preliminary expenditure incurred on the land by a subsidiary. As at 31 December 2013, the completion of the sale is pending on the fulfillment of certain conditions stipulated within the Sale and Purchase Agreement entered by the subsidiary during the financial year ended 31 December 2012.

**11. PROPERTY DEVELOPMENT EXPENDITURE**

**GROUP**

	2013 RM'000	2012 RM'000
<b>Property development expenditure:-</b>		
At 1 January		
Land cost	79,296	79,296
Development costs	<u>160,755</u>	<u>53,079</u>
	<u>240,051</u>	<u>132,375</u>
Reclassified from land held for property development (Note 7)	12,956	-
Development costs incurred during the year	<u>72,122</u>	<u>107,676</u>
	<u>85,078</u>	<u>107,676</u>
<b>Costs recognised in profit or loss:-</b>		
At 1 January	(154,615)	(21,974)
Recognised during the year (Note 23)	<u>(90,429)</u>	<u>(132,641)</u>
At 31 December	<u>(245,044)</u>	<u>(154,615)</u>
Property development expenditure at 31 December	<u>80,085</u>	<u>85,436</u>



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**12. ACCRUED BILLINGS**

**GROUP**

	<b>2013</b>	<b>2012</b>
	<b>RM'000</b>	<b>RM'000</b>
Revenue recognised in profit or loss to-date	478,506	368,626
Progress billings to-date	<u>(450,972)</u>	<u>(346,557)</u>
Accrued billings	<u>27,534</u>	<u>22,069</u>

**13. TRADE RECEIVABLES**

**GROUP**

	<b>2013</b>	<b>2012</b>
	<b>RM'000</b>	<b>RM'000</b>
Gross progress billings receivable	28,443	33,360
Gross retention sums receivables	<u>7,007</u>	<u>2,242</u>
	<u>35,450</u>	<u>35,602</u>

The progress billings are due within 30 days (2012: 30 days). The retention sums are due upon the expiry of the defect liability period of 12 to 24 months (2012: 12 to 24 months). Other credit terms are assessed and approved on a case-to-case basis.

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**14. OTHER RECEIVABLES AND DEPOSITS**

	-----GROUP-----		-----COMPANY-----	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Amount owing by deconsolidated subsidiaries	1,384	1,384	1,384	1,384
Less:				
Allowance for impairment -Deconsolidated subsidiaries	<u>(1,384)</u>	<u>(1,384)</u>	<u>(1,384)</u>	<u>(1,384)</u>
	-	-	-	-
Amount owing by subsidiaries	-	-	94,512	67,463
Other receivables	56	1,468	-	1,440
Deposits and prepayments	10,974	190	760	6
Term loan (Note 18)	-	355	-	-
	<u>11,030</u>	<u>2,013</u>	<u>95,272</u>	<u>68,909</u>

The amount owing by subsidiaries and deconsolidated subsidiaries are unsecured, non-interest bearing and receivable on demand.

The deposits and prepayments account includes a downpayment of RM10,000,000 in respect of an acquisition of leasehold land as disclosed in Note 36(a).

The term loan as at 31 December 2012 was in relation to the different opinion on the amount of payment made in which the different opinion has been reconciled, paid, refunded and accounted for accordingly during the financial year and as at 31 December 2013, the entire outstanding loan amount has been fully settled together with the amount of different opinion.

**15. CASH AND CASH EQUIVALENTS**

	-----GROUP-----		-----COMPANY-----	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Cash and bank balances	<u>12,102</u>	<u>9,053</u>	<u>7</u>	<u>101</u>

Included in the bank balances of the Group are amounts of RM8,134,829 (2012: RM3,663,326) held pursuant to Section 7A of the Housing Development (Control and Licensing) Act, 1966 and the balances thereon are restricted for use in other operation of the Company.

The interest rates for the deposits maintained in the Housing Development Accounts range from 1.00% to 2.05% (2012: 1.00% to 2.05%) per annum.

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**16. SHARE CAPITAL**

**GROUP**

	2013 RM'000	2012 RM'000
Authorised:		
500,000,000 (2012: 500,000,000) ordinary shares of RM1 each	<u>500,000</u>	<u>500,000</u>
Issued and fully paid:		
153,869,000 (2012: 153,869,000) ordinary shares of RM1 each	<u>153,869</u>	<u>153,869</u>

**17. OBLIGATION UNDER FINANCE LEASES**

**GROUP**

	2013 RM'000	2012 RM'000
<b>Minimum finance lease payments:</b>		
Not later than one (1) year	160	180
Later than one (1) year but not later than five (5) years	231	336
After five (5) years	<u>21</u>	<u>63</u>
	412	579
Less: Future finance charges	<u>(47)</u>	<u>(60)</u>
Present value of minimum lease payments	<u>365</u>	<u>519</u>
<b>Repayable as follows:</b>		
Not later than one (1) year	145	156
Later than one (1) year and not later than five (5) years	<u>199</u>	<u>300</u>
After five (5) years	<u>21</u>	<u>63</u>
	220	363
	<u>365</u>	<u>519</u>

Interest on the above obligation under finance leases is calculated using sum of digit method and the effective rates implicit in the lease ranged from 3.25% - 6.23% (2012: 3.25% - 6.23%) per annum.

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**18. TERM LOAN**

**GROUP**

The term loan which was fully settled during the financial year was obtained previously by a subsidiary under the concept of Islamic Al-Bai Bithaman Ajil ("BBA"), where the term loan was secured by the followings:-

- (i) A fixed charge over the subsidiary's freehold land as disclosed in Note 5 to the financial statements; and
- (ii) Jointly and severally guaranteed by third parties.

The different opinion on the overpaid amount of RM354,953 reported in the previous financial year have been reconciled, paid, refunded and accounted for accordingly during the financial year.

**19. DEFERRED TAX LIABILITIES**

- (a) The deferred tax liabilities comprised of the following:-

**GROUP**

	2013 RM'000	2012 RM'000
At 1 January	11,297	15,188
Recognised in profit or loss (Note 28)	<u>(2,023)</u>	<u>(3,891)</u>
At 31 December	<u>9,274</u>	<u>11,297</u>
Represented by:		
Deferred tax liabilities	<u>9,274</u>	<u>11,297</u>

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**19. DEFERRED TAX LIABILITIES**

(b) The components and movements of deferred tax liabilities during the financial year are as follows:-

	Land held for development RM'000	Property development expenditure RM'000	Property, plant and equipment RM'000	Others RM'000	Total RM'000
At 1 January 2013	5,893	4,701	666	37	11,297
Recognised to profit and loss	(1,131)	(555)	(300)	(37)	(2,023)
At 31 December 2013	4,762	4,146	366	-	9,274
At 1 January 2012	5,893	8,592	666	37	15,188
Recognised to profit and loss	-	(3,891)	-	-	(3,891)
At 31 December 2012	5,893	4,701	666	37	11,297

**20. TRADE PAYABLES**

**GROUP**

	2013 RM'000	2012 RM'000
Trade payables	19,312	14,590
Retention sums	9,656	11,711
	28,968	26,301

The normal credit terms extended by sub-contractors and suppliers range from 30 to 90 days (2012: 30 to 90 days). The retention sums are payable upon the expiry of the defect liability period of 12 to 24 months (2012: 12 to 24 months).

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**21. OTHER PAYABLES AND ACCRUALS**

	-----GROUP-----		-----COMPANY-----	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Amount owing to subsidiaries	-	-	356	327
Amount owing to deconsolidated subsidiaries	19	19	-	-
Amount owing to a Director	18,021	18,670	570	2,791
Other payables	4,289	64	-	-
Provision for corporate guarantee	3,243	7,171	3,243	7,171
Accruals	1,163	1,646	571	655
	<u>26,735</u>	<u>27,570</u>	<u>4,740</u>	<u>10,944</u>

The amount owing to subsidiaries, deconsolidated subsidiaries and a Director are unsecured, non-interest bearing and repayable on demand.

Other payables are non-interest bearing. Other payables are normally settled on an average term of 90 days (2012: 90 days).

**22. REVENUE**

	-----GROUP-----		-----COMPANY-----	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 Restated RM'000
Property development income recognised based on percentage of completion method	109,880	156,218	-	-
Construction contract income recognised based on percentage of completion method	-	2,708	-	-
Dividend income	-	-	30,000	15,000
Management fees	-	-	1,248	1,487
	<u>109,880</u>	<u>158,926</u>	<u>31,248</u>	<u>16,487</u>

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23. COST OF SALES

	-----GROUP-----		-----COMPANY-----	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Property development expenditure recognised based on percentage of completion method (Note 11)	90,429	132,641	-	-
Construction cost recognised based on percentage of completion method	-	2,465	-	-
	<u>90,429</u>	<u>135,106</u>	<u>-</u>	<u>-</u>

24. FINANCE COST

	-----GROUP-----		-----COMPANY-----	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Interest expenses on:-				
Term loan	501	214	-	-
Obligation under finance leases	24	26	-	-
FRS 139 interest on term loan	-	-	-	1
	<u>525</u>	<u>240</u>	<u>-</u>	<u>1</u>

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**25. PROFIT BEFORE TAX**

The following amounts have been included in arriving at profit before tax:-

	Note	GROUP		COMPANY	
		2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
<b>After charging:-</b>					
Auditors' remuneration					
- Statutory audits					
- Current year		60	47	18	17
- Under provision in previous year		11	-	-	-
- Other services		27	6	2	2
Compensation		1,300	300	-	-
Depreciation of property, plant and equipment	5	409	395	28	26
Directors' remuneration	26				
- Fee		390	390	300	360
- Salaries		780	660	180	180
- Allowances		41	43	41	43
- Other emoluments		97	81	24	24
Interest expense on obligation under finance lease	24	24	26	-	-
FRS 139 interest on term loan	24	-	-	-	1
Liquidated damages on late completion		143	84	-	-
Term loan interest	24	501	214	-	-
Rental of premises		503	500	50	50
Provision for corporate guarantee		72	5,371	72	5,371
<b>And crediting:-</b>					
Dividend income from subsidiaries	33(a)	-	-	30,000	15,000
Management fees charged to subsidiaries	33(a)	-	-	1,248	1,487
Reversal of provision for corporate guarantee	34(b)	3,990	-	3,990	-
Interest income		68	62	-	-
Late interest income		457	398	-	-



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**26. DIRECTORS' REMUNERATION**

	GROUP		COMPANY	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
<b>Directors</b>				
<b>Executive:-</b>				
Fee	390	390	300	360
Salaries and other emoluments	877	741	204	204
<b>Total Executive Directors' remuneration</b>	<b>1,267</b>	<b>1,131</b>	<b>504</b>	<b>564</b>
<b>Non-executive:-</b>				
Allowances	41	43	41	43
<b>Total Non-Executive Directors' remuneration</b>	<b>41</b>	<b>43</b>	<b>41</b>	<b>43</b>
	<b>1,308</b>	<b>1,174</b>	<b>545</b>	<b>607</b>

The number of Directors of the Group and of the Company whose total remuneration paid during the financial year falling within the following bands are analysed as below:-

	Number of Directors	
	2013	2012
<b>Executive Directors:-</b>		
RM50,001 to RM100,000	-	2
RM100,001 to RM200,000	3	1
RM200,001 to RM350,000	2	2
<b>Non-Executive Directors:-</b>		
Below RM50,000	3	3

**27. STAFF COST**

	GROUP		COMPANY	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Salaries, wages and allowances	2,463	2,252	1,506	1,316
EPF and SOCSO contributions	316	283	197	172
Other employee benefits	167	91	85	83
	<b>2,946</b>	<b>2,626</b>	<b>1,788</b>	<b>1,571</b>

Number of employees in the Group and the Company at the end of the financial year (excluding Directors) are 34 and 27 (2012: 33 and 27) respectively.

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**28. INCOME TAX EXPENSE**

	<u>GROUP</u>		<u>COMPANY</u>	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
<b>Current tax:-</b>				
Estimated current tax	4,367	7,404	-	-
Under provision in previous year	62	-	-	-
	4,429	7,404	-	-
<b>Deferred tax:-</b>				
Reversal for the year (Note 19)	(2,023)	(3,891)	-	-
	2,406	3,513	-	-

The reconciliation between tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the financial years ended 31 December 2013 and 2012 are as follows:-

	<u>GROUP</u>		<u>COMPANY</u>	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Profit before tax	10,337	8,403	32,455	8,392
Tax at Malaysian statutory tax rate of 25% (2012: 25%)	2,584	2,101	8,113	2,098
<b>Adjustments:-</b>				
Non-deductible expenses	414	1,163	48	1,409
Deferred tax assets not recognised	343	276	336	243
Income not subject to income tax	(997)	-	(8,497)	(3,750)
Under provision of income tax in previous year	62	-	-	-
Tax saving on utilisation of unabsorbed business loss and capital allowances	-	(27)	-	-
Tax expenses recognised in the statements of comprehensive income	2,406	3,513	-	-

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28. INCOME TAX EXPENSE (Continued)

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

	GROUP		COMPANY	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Unutilised tax losses	5,721	3,127	3,556	2,249
Unabsorbed capital allowances	271	317	270	277
	<u>5,992</u>	<u>3,444</u>	<u>3,826</u>	<u>2,526</u>
Potential tax benefits calculated at 24% (2012: 25%) tax rate	<u>1,438</u>	<u>861</u>	<u>918</u>	<u>631</u>

Deferred tax assets have not been recognised in respect of the above items as it is not probable that taxable profit will be available against which the deductible temporary differences can be utilised.

29. EARNINGS PER SHARE

Basic earnings per share ("EPS") amounts are calculated by dividing profit for the financial year, net of tax, attributable to owners of the parent by the number of ordinary shares during the financial year.

GROUP	2013 RM'000	2012 RM'000
Profit net of tax attributable to owners of the parent	<u>7,972</u>	<u>4,902</u>
	Number of shares '000	Number of shares '000
Number of ordinary shares	<u>153,869</u>	<u>153,869</u>
	Sen per share	Sen per share
Basic earnings per share for profit for the financial year (sen per share)	<u>5.18</u>	<u>3.19</u>

The diluted earnings per share are not presented as there are no potential ordinary shares outstanding at the end of reporting period.

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**30. SEGMENTAL INFORMATION**

No segmental information is provided as the Group's activities are principally within property development and building construction located in Malaysia

**31. FINANCIAL INSTRUMENTS**

**(a) Classification, Fair Value and Other Disclosures (except for risks disclosures)**

The following table analysed the financial assets and liabilities in the statements of financial position by class of financial instrument to which they are assigned:-

	Note	-----GROUP-----		-----COMPANY-----	
		Loans and receivables		Loans and receivables	
		2013	2012	2013	2012
		RM'000	RM'000	RM'000	RM'000
<b>Financial assets:</b>					
Trade receivables	13	35,450	35,602	-	-
Other receivables and deposits	14	11,030	2,013	95,272	68,909
Cash and cash equivalents	15	12,102	9,053	7	101
		Financial liabilities at amortised cost		Financial liabilities at amortised cost	
		2013	2012	2013	2012
		RM'000	RM'000	RM'000	RM'000
<b>Financial liabilities:</b>					
Trade payables	20	28,968	26,301	-	-
Other payables and accruals	21	26,735	27,570	4,740	10,944
Obligation under finance leases	17	365	519	-	-

None of the financial assets were pledged as collateral for any liability or contingent liability. The income, expenses, gains or losses arising from the financial instruments of the Group and of the Company for the year are disclosed in Note 24 and 25 to the financial statements.

**Determination of fair value**

The Management has determined that the carrying amounts of the above categories of financial instruments based on their notional amounts, reasonably approximate their fair values because these are mostly short-term in nature or that they are floating rate instruments that are re-priced to market interest rates on or near the reporting date.

The carrying amount of non-current portion of obligation under finance leases reasonably approximate their fair value due to the insignificant impact of discounting.

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**31. FINANCIAL INSTRUMENTS (Continued)**

**(a) Classification, Fair Value and Other Disclosures (except for risks disclosures) (Continued)**

***Fair value hierarchy***

As the financial assets and liabilities of the Group and the Company are not carried at fair value by any valuation method, the fair value hierarchy analysis is not presented.

**(b) Risks Disclosures**

The Group and the Company are exposed to financial risks arising from their operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, foreign currency risk, market price risk and interest rate risk. The Group does not hold or issue derivative financial instruments for trading purposes.

The following sections provide details regarding the Group's and the Company's exposure to the above-mentioned financial risks together with objectives and policies in managing these risks.

**(i) Credit risk**

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arise primarily from trade and other receivables. For other financial assets (including cash and bank balances), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

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**31. FINANCIAL INSTRUMENTS (Continued)**

**(b) Risks Disclosures (Continued)**

**(i) Credit risk (Continued)**

*Aging analysis of trade receivables*

The aging analysis of the Group's trade receivables as at the end of the reporting period are as follows:-

	2013 RM'000	2012 RM'000
Neither past due nor impaired	7,874	5,425
1 to 30 days past due but not impaired	1,647	2,107
31 to 60 days past due but not impaired	9,340	4,205
61 to 90 days past due but not impaired	2,304	8,943
More than 91 days past due but not impaired	14,285	14,922
Past due but not impaired	27,576	30,177
Gross receivables (Note 13)	35,450	35,602

*Trade receivables that are neither past due nor impaired*

Trade receivables that are neither past due nor impaired are creditworthy debtors with mainly good payment records and contracted payment debtors with the Group.

*Trade receivables that are past due but not impaired*

The Group has trade receivables amounting to RM27,576,000 (2012 : RM30,177,000) that are past due at the reporting date but not impaired, amongst which mainly consist of trade receivables that have obtained end financing or in the process of obtaining end financing to fund their purchases of the Group's properties. The mitigations of credit risk on these receivables are the same with all the receivables arising from the purchase of properties where each and every purchaser is bound by the legally enforceable terms and conditions under an agreement to ensure adherence of payment against credit given.

*Inter-company balances*

The Company provides unsecured advances to its subsidiaries and monitors the results of the subsidiaries on a regular basis for mitigating the credit risk on the advances given.

**(ii) Liquidity risk**

The Group manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that all refinancing, repayment and funding needs are met. As part of its overall liquidity management, the Group maintains sufficient levels of cash or cash convertible investments to meet its working capital requirement.

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**31. FINANCIAL INSTRUMENTS (Continued)**

(ii) Liquidity risk (Continued)

*Analysis of financial instruments by remaining contractual maturities*

The table below summarises the maturity profile of the Group's and the Company's liabilities at the reporting date based on contractual undiscounted repayment obligations.

	On demand or within one (1) year RM'000	One (1) to five (5) years RM'000	Total RM'000
<b>Group</b>			
<b>Financial liabilities:</b>			
Trade payables	28,968	-	28,968
Other payables and accruals	26,735	-	26,735
Obligation under finance leases	145	220	365
	<u>55,848</u>	<u>220</u>	<u>56,068</u>
<b>Company</b>			
<b>Financial liabilities:</b>			
Other payables and accruals	<u>4,740</u>	<u>-</u>	<u>4,740</u>

(iii) Foreign currency risk

The Group and the Company is not exposed to foreign currency risks as the transactions entered into are denominated in Ringgit Malaysia.

(iv) Market price risk

Market price risk is the risk that fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market prices (other than interest or exchange rates).

The Group and the Company is not exposed to market price risk.

(v) Interest rate risk

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

The Group's exposure to interest rate risk arises primarily from their borrowings.

The Group manages the net exposure to interest rate risk by maintaining sufficient lines of credit to obtain acceptable lending costs and by monitoring the exposure to such risk on an ongoing basis.

OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 31 DECEMBER 2013  
TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

Y&G CORPORATION BHD.  
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS, 31 DECEMBER 2013

31. FINANCIAL INSTRUMENTS (Continued)

(v) Interest rate risk (Continued)

Management does not enter into interest rate hedging transactions since it considers that the cost of such instrument outweigh the potential risk of interest rate fluctuation.

The interest rate profile of the Group's interest-bearing financial instruments based on the carrying amount as at the reporting date is as follows:-

	Note	2013		2012	
		Effective interest rate %	RM'000	Effective interest rate %	RM'000
<b>Financial liabilities</b>					
<b>Fixed rate instruments</b>					
Obligation under finance leases	17	3.25% - 6.23%	365	3.25% - 6.23%	519

Sensitivity analysis for interest rate risk

The Group does not have significant fixed rate financial assets and liabilities at fair value through profit or loss and equity. Therefore a change in interest rates at the reporting date would not affect profit or loss and equity.

32. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the financial years ended 31 December 2013 and 31 December 2012.



OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 31 DECEMBER 2013  
TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

**Y&G CORPORATION BHD.**  
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**NOTES TO THE FINANCIAL STATEMENTS, 31 DECEMBER 2013**

**32. CAPITAL MANAGEMENT (Continued)**

The Group monitors capital using a gearing ratio, which is net debts divided by total capital plus net debts. The Group includes within net debt, trade and other payables and obligation under finance leases less cash and cash equivalents.

	GROUP		COMPANY	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Trade payables	28,968	26,301	-	-
Other payables and accruals	26,735	27,570	4,740	10,944
Obligation under finance lease	365	519	-	-
	<u>56,068</u>	<u>54,390</u>	<u>4,740</u>	<u>10,944</u>
Less: Cash and cash equivalents	(12,102)	(9,053)	(7)	(101)
Net debts	<u>43,966</u>	<u>45,337</u>	<u>4,733</u>	<u>10,843</u>
Total capital	<u>176,699</u>	<u>168,727</u>	<u>192,357</u>	<u>159,902</u>
Capital and net debts	<u>220,665</u>	<u>214,064</u>	<u>197,090</u>	<u>170,745</u>
Gearing ratio	<u>20%</u>	<u>21%</u>	<u>2.4%</u>	<u>6.4%</u>

**33. SIGNIFICANT RELATED PARTY TRANSACTIONS**

**(a) Related Party Transactions**

In addition to the related party information disclosed elsewhere in the financial statements, the following significant transactions between the Company and related parties took place at terms and conditions mutually agreed between the parties during the financial year:-

	COMPANY	
	2013 RM'000	2012 RM'000
Dividend income from subsidiaries (Note 25)	30,000	15,000
Management fees charged to subsidiaries (Note 25)	<u>1,248</u>	<u>1,487</u>

**(b) Compensation of Key Management Personnel**

	GROUP		COMPANY	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Short-term employees benefits	2,351	1,911	1,065	673
Defined contribution plan	<u>241</u>	<u>231</u>	<u>90</u>	<u>86</u>
	<u>2,592</u>	<u>2,142</u>	<u>1,155</u>	<u>759</u>

**OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 31 DECEMBER 2013  
TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)****Y&G CORPORATION BHD.  
(Incorporated in Malaysia)****NOTES TO THE FINANCIAL STATEMENTS, 31 DECEMBER 2013****34. MATERIAL LITIGATIONS****(a) Lee Hock Soon Vs Y&G Corporation Bhd. ("Y&G")**

On 27 May 2009, a former Director filed a claim against Y&G for a sum of RM622,920. The claim was in respect of monies advanced to Y&G together with 8% interest per annum on the said sum calculated from the date of the writ until the date of its full settlement. The Company served its Statement of Defence to defend against the claim on 12 June 2009.

The full trial hearing of the case was held on 22 June 2011, 23 June 2011 and 1 July 2011. The High Court had on 27 July 2011 dismissed the claim by the former Director with costs. Subsequently on 8 August 2011, the former Director had filed an appeal to the Court of Appeal.

The Court had on 21 June 2013, struck off the appeal case due to the former Director has adjudged bankrupt on 11 October 2011 and failure in obtaining the Director General of Insolvency's sanction to pursue with the appeal.

**(b) RHB Bank Berhad ("RHB") Vs Y&G Corporation Bhd. ("Y&G")**

Y&G had on 11 October 2011 been served with a sealed copy of Writ of Summons together with a Statement of Claims dated 6 October 2011 by RHB against Y&G claiming for a sum of RM3,941,349 due by Sierra Estates Sdn. Bhd. ("SESB"), a former indirect subsidiary of Y&G, in relation to overdraft and term loan facilities in which Y&G had allegedly acted as Corporate Guarantor through Corporate Guarantees dated 18 September 1998 and Supplemental Guarantee and Indemnity dated 28 June 2001, with interest thereon at 10.1% per annum on the total outstanding and other incidental costs until full and final settlement.

RHB had on 4 November 2011, served a seal copy of the Judgment in Default of Appearance (Order 13, Rule 1) dated 31 October 2011 against Y&G and demanded Y&G to settle the judgment sum within two (2) weeks from the date thereof.

On 25 November 2011, Y&G had through its solicitor filed an application at the High Court of Kuching to set aside the Judgment in Default of Appearance dated 31 October 2011 on the basis that Y&G had filed in its Memorandum of Appearance dated 28 October 2011 through registered mail and faxed to the High Court of Kuching on 31 October 2011 within the stipulated timeframe and an application to allow Y&G to file a conditional appearance within seven (7) days from the Court granting the said order and consequently, with another application to set aside the case and finally a stay of proceeding against Y&G pending the hearing and disposal of the aforesaid application.

The High Court of Kuching had on 29 February 2012, granted an order in term of the Y&G's applications to set aside RHB's Judgment in Default of Appearance dated 31 October 2011 and ordered Y&G to file the Statement of Defence within fourteen (14) days from 29 February 2012. The High Court had fixed further mention for the case on 16 April 2012.

**OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 31 DECEMBER 2013  
TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)****Y&G CORPORATION BHD.**  
(Incorporated in Malaysia)**NOTES TO THE FINANCIAL STATEMENTS, 31 DECEMBER 2013****34. MATERIAL LITIGATIONS (Continued)****(b) RHB Bank Berhad ("RHB") Vs Y&G Corporation Bhd. ("Y&G") (Continued)**

On 13 March 2012, Y&G's solicitors had served a copy of the Defendant's Statement of Defence and Counter Claim dated 13 March 2012 on RHB's solicitors. RHB's solicitors had on 13 April 2012, served a copy of RHB's Summons in Chambers dated 13 April 2012 to strike out the Defendant's Statement of Defence and Counter Claim dated 13 March 2012 on Y&G's solicitors. The mention date on 16 April 2012 was vacated. Similarly, Y&G's solicitors had on 17 April 2012 served a copy of the Defendant's Summons in Chamber dated 17 April 2012 to strike out RHB's Writ of Summons and Statement of Claim dated 6 October 2011 on RHB's solicitors.

The High Court of Kuching had on 9 August 2012, allowed RHB's Summons in Chambers dated 13 April 2012 and had further dismissed Y&G's Summons in Chambers dated 17 April 2012. On 7 September 2012, Y&G had filed and served the Notice of Appeal to the Court of Appeal.

Y&G had received RHB's solicitors letter dated 26 November 2013, offering not to execute the Judgement dated 9 August 2012 entered against Y&G as corporate guarantor on condition that Y&G agreed to withdraw the above-mentioned Appeal and pay the cost of RM10,000 that was awarded by the High Court.

Y&G had accepted RHB's offer through its letter dated 27 November 2013 and had proceeded to withdraw the above Appeal via its letter dated 4 December 2013 to the Court of Appeal including paying the above cost of RM10,000. The case is therefore considered as closed. As the result, the provision for corporate guarantee of RM3,990,000 provided in previous year has been reversed out as stated in note 25.

**(c) ICP Marketing Sdn. Bhd. ("ICP Marketing") Vs Y&G Corporation Bhd. ("Y&G")**

ICP Marketing had on 26 March 2002 filed a claim for RM854,369 in respect of goods sold and delivered in relation to Likas Sport Complex Project at Kota Kinabalu, Sabah against Mercedes Builder Sdn. Bhd. ("MBSB"), RM1,000,000 against Lee Hock Soon as the personal guarantor of MBSB and RM500,000 against Y&G as corporate guarantor of MBSB. On 16 November 2009, the Honourable Court has granted ICP Marketing's claims against Lee Hock Soon and Y&G with costs.

Y&G had, from December 2009, started negotiating with ICP Marketing and both parties have, in April 2010, reached an understanding whereby ICP Marketing shall not pursue any further legal action against Y&G until further discussion.

ICP Marketing had on 14 November 2012 served a Statutory Notice of Demand dated 6 November 2012 pursuant to Section 218 of the Companies Act, 1965 ("the Statutory Notice") on Y&G demanding payment of a sum of RM2,300,109 with interest in respect of the Judgment entered on 16 November 2009. Y&G has since replied to ICP Marketing with its grounds and arguments and requested ICP Marketing to withdraw the Statutory Notice accordingly.

The Court had, following the Case Management held on 22 November 2013, fixed the matter for hearing on 21 January 2014. Upon the hearing on 21 January 2014, the Court has allowed ICP Marketing's suggestion to convert the Originating Summons into a Writ without any order as to costs.

OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 31 DECEMBER 2013  
TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

**Y&G CORPORATION BHD.**  
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**NOTES TO THE FINANCIAL STATEMENTS, 31 DECEMBER 2013**

**34. MATERIAL LITIGATIONS (Continued)**

**(c) ICP Marketing Sdn. Bhd. ("ICP Marketing") Vs Y&G Corporation Bhd. ("Y&G") (Continued)**

The matter is now fixed for Case Management on 20 March 2014 to enable both parties to file in the bundle of documents pleadings and other ancillary documents, including fixing of the trial date.

Y&G's solicitors had on 9 April 2014, filed in the sealed copy of the Notice of Application to amend the Defendant's Statement of Defence. The matter is now fixed for hearing on 25 April 2014.

**(d) Lembaga Pembangunan Perumahan dan Bandar ("LPPB") Vs Y&G Corporation Bhd. ("Y&G")**

LPPB had on 21 June 2010 served a sealed copy of Writ of Summons and Statement of Claim dated 27 May 2010 claiming for a sum of RM1,767,052 being the guaranteed amount made by Y&G pursuant to Corporate Guarantee Agreement dated 5 August 2003 following the failure on the part of SESB, in fulfilling the terms and conditions as per the Second Supplementary Agreement dated 5 August 2003 (with regards to the completion of the 400 units Apartment Project in Labuan) ("Project"), plus 8% interest per annum on the said sum (calculated from the date of judgment until the date of full payment) and other incidental costs. On 1 July 2010, LPPB, Y&G and the Chargee Bank (RHB Bank) have agreed in principle to put on hold the case pending Y&G's submission of its Project Revival Proposal ("Proposal") of the a foresaid Project.

LPPB had via their letter dated 2 March 2011 accepted Y&G's appeal and agreed to extend the submission dateline of the Proposal for another six (6) months until 14 June 2011 provided that Y&G's Proposal must be final and conclusive for LPPB's consideration. Y&G had via their letter dated 10 June 2011 enclosed their Revival Feasibility calculation and their Proposal for LPPB's consideration. LPPB had served a notice of demand dated 17 January 2013 for the sum of RM1,767,052. Y&G had via their letter dated 28 February 2013 stated their interest in reviving the Project and has requested for extra time to sort the legal proceedings with RHB Bank.

LPPB had on 1 November 2013 served a fresh sealed copy of Writ of Summons and Statement of Claim, both dated 24 October 2013 ("Writ"), claiming for the guaranteed sum of RM1,767,052 ("Guarantee Sum") plus 5% interest per annum on the said Guarantee Sum (calculated from the date of this summons until full settlement) and other incidental costs.

LPPB had on 6 December 2013, served a sealed copy of the Judgment in Default of Appearance dated 28 November 2013 adjudging Y&G to pay LPPB the Guaranteed Sum plus 5% statutory interest per annum (calculated from the date of this Summons until full settlement) and other incidental costs.

Y&G had on 19 November 2013 and 23 December 2013 written to LPPB offering to resolve the matter by proposing to fully settle the Guaranteed Sum via payments-in-kind and proposing to revive the Project. LPPB replied, via its solicitors' letter dated 15 January 2014, that in order for LPPB to consider Y&G's proposal to Project, Y&G was required to remit the Guaranteed Sum together with interest and costs within fourteen (14) days. The management of Y&G is currently deciding the next course of action.

**OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 31 DECEMBER 2013  
TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)****Y&G CORPORATION BHD.  
(Incorporated in Malaysia)****NOTES TO THE FINANCIAL STATEMENTS, 31 DECEMBER 2013****34. MATERIAL LITIGATIONS (Continued)****(e) John & Partners Construction Sdn Bhd ("JPCSB") vs. Y&G Corporation Bhd. ("Y&G")**

Y&G had on 8 July 2013 been served with an Originating Summons with its Affidavit in Support, both dated 25 June 2013, by JPCSB's solicitors, seeking a declaration from the Court that Y&G, being the only major shareholder of Mercedes Builders Sdn. Bhd. ("MBSB") which in turn wholly owns Mercedes Builders (S) Sdn. Bhd. ("MBSSB") be responsible to JPCSB for all of the debts or other liabilities of MBSB and MBSSB (both are wound up companies) to JPCSB. They further seek an order for Y&G to pay JPCSB a sum of RM383,400 being the redemption sum paid by JPCSB but which by an order of court should have been paid by MBSSB before it was wound up, costs of this application and any further or other reliefs as deem fit in the circumstances.

The Court had on hearing date of 4 September 2013, allowed JPCSB's application to amend the Originating Summons and directed Y&G to file in its Affidavit in Opposition ("AIO") within fourteen (14) days and had fixed the hearing date on 7 October 2013. Y&G had filed in its AIO dated 26 September 2013 to JPCSB and Court. The Court had on the hearing date of 7 October 2013 further adjourned the hearing to 8 November 2013, for JPCSB to file an Affidavit in Reply ("AIR") to Y&G's AIO.

JPCSB had filed in their AIR dated 14 October 2013 and served it on Y&G's solicitors on 28 October 2013, in return Y&G had filed in its second AIO dated 12 November 2013.

Y&G is opposing the Originating Summons and parties are still exchanging affidavits. The matter is fixed for hearing before the High Court, Kuching on 10 February 2014. Pursuant to the hearing on 10 February 2014, the Court has fixed the matter for ruling on 24 March 2014.

Following the ruling date of 27 March 2014, the High Court has dismissed JPCSB's Originating Summons with costs of RM10,000 and JPCSB has one (1) month from the date hereof to file an appeal against the above ruling to the Court of Appeal.

**35. CAPITAL COMMITMENT****GROUP**

As at 31 December 2013, a subsidiary has committed to construct a building under its freehold land within its property, plant and equipment account. The balance of the commitment which has been contracted but not provided for as at 31 December 2013 was RM5,061,000 (2012: RM12,000,000).

**OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 31 DECEMBER 2013  
TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

**Y&G CORPORATION BHD.**  
(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS, 31 DECEMBER 2013**

**36. SIGNIFICANT AND SUBSEQUENT EVENTS**

AmInvestment Bank Berhad, on behalf of the Board of Directors of the Company ("Board"), had on 17 September 2013 and 19 November 2013 respectively, announced that Y&G proposed to undertake the following:-

- (a) Proposed acquisition of a leasehold land measuring approximately 107.965 hectares (equivalent to approximately 267 acres), held under H.S.(D) 129802, Lot 126299, within Mukim and District of Klang, Selangor Darul Ehsan for a total cash consideration amounting to RM100 million ("Proposed KESAS Land Acquisition");
- (b) Proposed issue of free warrants in Y&G ("Warrants") of 15,386,900 Warrants on the basis of one (1) Warrant for every ten (10) existing ordinary share of RM1.00 each in Y&G ("Y&G Share(s)" or "Share(s)") held by the entitled shareholders of the Company ("Entitled Shareholders") on the entitlement date to be determined and announced later ("Entitlement Date") ("Proposed Free Warrants");
- (c) Proposed renounceable rights issue of up to 30,773,800 new Y&G Shares ("Rights Share(s)") together with up to 15,386,900 new detachable Warrants on the basis of two (2) Rights Shares together with one (1) Warrant for every ten (10) existing Y&G Shares held by the Entitled Shareholders on the Entitlement Date ("Proposed Rights Issue with Warrants");
- (d) Proposed private placement of up to 15,386,900 new Y&G Shares ("Placement Shares"), representing approximately ten percent (10%) of the issued and paid-up share capital of Y&G together with up to 7,693,450 new detachable Warrants on the basis of one (1) Warrant for every two (2) Placement Shares subscribed ("Proposed Private Placement with Warrants").
- (e) Proposed acquisition of 1,000,000 ordinary shares of RM1.00 each in Magna Rembang Sdn Bhd ("MRSB") ("MRSB Share(s)"), representing 100% of the issued and paid-up share capital of MRSB for an indicative purchase consideration of RM11,403,000 to be satisfied via the issuance of irredeemable convertible preference shares of RM1.00 each in Y&G ("ICPS") together with free warrants in Y&G on the basis of one (1) Warrant for every two (2) ICPS issued ("Warrants") ("MRSB SPA") ("Proposed MRSB Acquisition");
- (f) Proposed acquisition of 250,000 ordinary shares of RM1.00 each in Kualiti Kinta Sdn Bhd ("KKSB") ("KKSB Share(s)") (including new KKSB Shares issued on 28 November 2013), representing 100% of the issued and paid-up share capital of KKSB together with the proposed settlement of the amount owing by KKSB and its subsidiary to Dato' Yap Jun Jien for the total consideration of RM7,940,808 to be satisfied via the issuance of 7,690,810 ICPS together with 3,845,405 Warrants and cash consideration of RM249,998 ("Proposed KKSB Acquisition");
- (g) Proposed acquisition of 125,000 ordinary shares of RM1.00 each in Fortuneprop Development Sdn Bhd ("FDSB"), representing 50% of the issued and paid-up share capital of FDSB for purchase consideration of RM6,722,000 to be satisfied via the issuance of 6,722,000 ICPS together with 3,361,000 Warrants ("Proposed FDSB Acquisition").
- (h) Y&G proposes to make amendments to the Memorandum and Articles of Association of Y&G ("M&A") to facilitate the issuance of the ICPS pursuant to the Proposed MRSB Acquisition, Proposed KKSB Acquisition and Proposed FDSB Acquisition ("Proposed M&A Amendments").

OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 31 DECEMBER 2013  
TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

**Y&G CORPORATION BHD.**  
(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS, 31 DECEMBER 2013**

**36. SIGNIFICANT AND SUBSEQUENT EVENTS (Continued)**

Proposed Kesas Land Acquisition, Proposed Free Warrants, Proposed Rights Issue with Warrants, Proposed Private Placement with Warrants, Proposed MRSB Acquisition, Proposed KKSB Acquisition, Proposed FDSB Acquisition and Proposed M&A Amendments are collectively referred to as the "Proposals".

Bursa Malaysia Securities Berhad ("Bursa Securities") had vide its letter dated 28 February 2014, given its approval for the admission of warrants on the Official List of Bursa Securities as well as the listing of and quotation for the Warrants, Right Shares, Placement Shares and new Y&G Shares to be issued pursuant to the exercise of the Warrants and conversion of ICPS on the Main Market of Bursa Securities.

The shareholders of the Company have approved the Proposals in the extraordinary general meeting held on 11 April 2014.

**37. COMPARATIVE FIGURES**

The comparative figures were audited by auditors other than Messrs. T. H. Kuan & Co., Chartered Accountants.

The following figures of the Group and of the Company for the financial year ended 31 December 2012 have been reclassified to conform with current year's presentation:-

	As previously reported RM'000	Reclassification RM'000	As restated RM'000
<b>GROUP</b>			
<b>Statements of Financial Position</b>			
Accrued billings	-	22,069	22,069
Trade receivables	<u>57,671</u>	<u>(22,069)</u>	<u>35,602</u>
<b>Statements of Cash Flows</b>			
Provision for corporate guarantee	-	5,371	5,371
Accrued billings	-	(11,875)	(11,875)
Trade and other receivables	(10,413)	11,875	1,462
Trade and other payables	<u>(11,310)</u>	<u>(5,371)</u>	<u>(16,681)</u>
<b>COMPANY</b>			
<b>Statements of Comprehensive Income</b>			
Revenue	-	16,487	16,487
Other income	<u>16,487</u>	<u>(16,487)</u>	<u>-</u>

OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 31 DECEMBER 2013  
TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

**Y&G CORPORATION BHD.**  
(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS, 31 DECEMBER 2013**

**38. SUPPLEMENTARY INFORMATION**

**Breakdown of unappropriated profit into realised and unrealised**

The breakdown of the unappropriated profit of the Group and of the Company as at 31 December 2013 into realised and unrealised profit is presented in accordance with the directive issued by Bursa Malaysia Securities Berhad dated 25 March 2010 and prepared in accordance with The Guidance on Special Matter No. 1, "Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Listing Requirements", as issued by the Malaysian Institute of Accountants.

	GROUP		COMPANY	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Unappropriated profit				
Realised	32,104	26,155	38,488	6,033
Unrealised	(9,274)	(11,297)	-	-
	<u>22,830</u>	<u>14,858</u>	<u>38,488</u>	<u>6,033</u>



**OUR UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX (6)-MONTH FPE 30 JUNE 2014**

**Y&G CORPORATION BHD**

(Co No : 6403-X)  
(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

**FOR THE SECOND QUARTER ENDED 30 JUNE 2014**

CERTIFIED TRUE COPY  
WONG KEO ROU (MAICSA 7021435)  
Secretary

22 AUG 2014



	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 30 June 2014 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 30 June 2013 RM'000	CURRENT YEAR TODATE 30 June 2014 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 30 June 2013 RM'000
Revenue	22,174	27,188	45,184	54,243
Operating expenses	(18,570)	(25,824)	(37,987)	(50,122)
Other operating income	(24)	146	118	321
<b>Profit From Operations</b>	<b>3,580</b>	<b>1,510</b>	<b>7,315</b>	<b>4,442</b>
Interest income	74	13	99	25
Interest expenses	(4)	(6)	(8)	(514)
<b>Profit Before Tax</b>	<b>3,650</b>	<b>1,517</b>	<b>7,406</b>	<b>3,953</b>
Taxation	(1,078)	(468)	(2,105)	(1,277)
<b>Profit For The Period</b>	<b>2,572</b>	<b>1,049</b>	<b>5,301</b>	<b>2,676</b>
Other Comprehensive Income	0	0	0	0
<b>Total Comprehensive Income</b>	<b>2,572</b>	<b>1,049</b>	<b>5,301</b>	<b>2,676</b>
Attributable to:				
Equity holders of the parent	2,622	1,049	5,351	2,676
Non-controlling interests	(50)	0	(50)	0
	<b>2,572</b>	<b>1,049</b>	<b>5,301</b>	<b>2,676</b>
<b>Total Comprehensive Income / (Loss) attributable to equity holders of the parent :</b>				
a) Basic Earnings per share (Sen)	1.70	0.68	3.48	1.74
b) Diluted	1.70	0.68	3.48	1.74

(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the Year Ended 31 December 2013 and the accompanying notes attached to the Interim Financial Statements)

**OUR UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX (6)-MONTH FPE 30 JUNE 2014 (CONT'D)**

**Y&G CORPORATION BHD**

(Co No : 6403-X)

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2014**

	As at end of Current Quarter 30 June 2014 RM'000	As at Preceding Year Ended 31 Dec 2013 RM'000
<b>ASSETS</b>		
<b>NON-CURRENT ASSETS</b>		
Property, plant and equipment	17,459	15,732
Land held for development	38,849	53,250
Goodwill on consolidation	555	555
	56,863	69,537
<b>CURRENT ASSETS</b>		
Asset held for sale	8,631	8,631
Development expenditure	95,479	80,085
Trade receivables	41,960	62,984
Other receivables and deposits	13,898	11,300
Cash and bank balances	19,402	12,102
	179,370	175,102
<b>TOTAL ASSETS</b>	<b>236,233</b>	<b>244,639</b>
<b>EQUITY AND LIABILITIES</b>		
Equity attributable to equity holders of parent -		
Share capital	153,869	153,869
Unappropriated profits	28,181	22,830
	182,050	176,699
<b>NON-CONTROLLING INTEREST</b>	1,955	2,005
<b>TOTAL EQUITY</b>	184,005	178,704
<b>NON-CURRENT LIABILITIES</b>		
Long term borrowings	220	220
Deferred taxation	8,223	9,274
	8,443	9,494
<b>CURRENT LIABILITIES</b>		
Trade payables	29,853	28,968
Other payables and accruals	3,894	8,714
Amount due to directors	8,389	18,021
Short term borrowings	60	145
Taxation	1,589	593
	43,785	56,441
<b>TOTAL LIABILITIES</b>	52,228	65,935
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>236,233</b>	<b>244,639</b>
Net assets / share attributable to ordinary equity holders of the parent (RM)	1.18	1.15

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the Year Ended 31 December 2013 and the accompanying notes attached to the Interim Financial Statements)

**OUR UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX (6)-MONTH FPE 30 JUNE 2014 (CONT'D)**

**Y&G CORPORATION BHD**

(Co No : 6403-X)  
(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE SECOND QUARTER ENDED 30 JUNE 2014**

	Share Capital RM'000	Unappropriated Profits RM'000	Non-Controlling Interest RM'000	TOTAL EQUITY RM'000
<b><u>Current Quarter</u></b>				
Balance as at 1 January 2014	153,869	22,830	2,005	178,704
Profit after Tax	0	5,351	(50)	5,301
Other Comprehensive Income	0	0	0	0
Total Comprehensive Income	0	5,351	(50)	5,301
<b>Balance as at 30 June 2014</b>	<b>153,869</b>	<b>28,181</b>	<b>1,955</b>	<b>184,005</b>
<b><u>Preceding Year's Corresponding Quarter</u></b>				
Balance as at 1 January 2013	153,869	14,858	2,046	170,773
Profit after Tax	0	2,676	0	2,676
Other Comprehensive Income	0	0	0	0
Total Comprehensive Income	0	2,676	0	2,676
<b>Balance as at 30 June 2013</b>	<b>153,869</b>	<b>17,534</b>	<b>2,046</b>	<b>173,449</b>

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the Year Ended 31 December 2013 and the accompanying notes attached to the Interim Financial Statements)

**OUR UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX (6)-MONTH FPE 30 JUNE 2014 (CONT'D)**

**Y&G CORPORATION BHD**

(Co No : 6403-X)

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE SECOND QUARTER ENDED 30 JUNE 2014**

	Current Quarter Ended 30 June 2014 RM'000	Preceding Year Quarter 30 June 2013 RM'000
<b>PROFIT BEFORE TAX</b>	7,406	3,953
<b>ADJUSTMENTS :</b>		
Depreciation	189	210
Goodwill on consolidation written-off	3	0
Interest expenses	8	514
Interest income	(99)	(25)
<b>Operating Profit Before Working Capital Changes</b>	<u>7,507</u>	<u>4,652</u>
<b>CHANGES IN WORKING CAPITAL :</b>		
Decrease/(Increase) in receivables	18,426	(11,584)
Decrease/(Increase) in development expenditure	(993)	2,329
(Decrease)/Increase in payables	(13,570)	5,916
<b>Cash Generated From Operations</b>	<u>11,370</u>	<u>1,313</u>
Taxes paid	(2,160)	(3,054)
<b>Net Cash Flows Generated From/ (Used In) Operating Activities</b>	<u>9,210</u>	<u>(1,741)</u>
<b>INVESTING ACTIVITIES</b>		
Acquisition of property, plant and equipment	(1,916)	(141)
Acquisition of shares in subsidiary company, net of cash (#)	0	0
Interest income	99	25
<b>Net Cash Flows Used In Investing Activities</b>	<u>(1,817)</u>	<u>(116)</u>
<b>FINANCING ACTIVITIES</b>		
Repayment of obligation under finance lease	(85)	(77)
Interest expenses	(8)	(514)
<b>Net Cash Flows Used In Financing Activities</b>	<u>(93)</u>	<u>(591)</u>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	<u>7,300</u>	<u>(2,448)</u>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<u>12,102</u>	<u>9,053</u>
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<u><u>19,402</u></u>	<u><u>6,605</u></u>
<b>Represented by :</b>		
Cash and bank balances	<u>19,402</u>	<u>6,605</u>

(#) The acquisition of shares in subsidiary company amounted to RM2.00. (Note A13)

(The Condensed Consolidated Statement of Cash Flow should be read in conjunction with the Audited Financial Statements for the Year Ended 31 December 2013 and the accompanying notes attached to the Interim Financial Statements)

**OUR UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX (6)-MONTH FPE 30 JUNE 2014 (CONT'D)****Y&G CORPORATION BHD**  
(Company No. 6403-X)  
(Incorporated in Malaysia)**PART A. EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS****A1. BASIS OF PREPARATION**

The Interim Financial Statements for the second quarter ended 30 June 2014 are unaudited and have been prepared in accordance with the requirements of FRS 134 – "Interim Financial Reporting" issued by the Malaysian Accounting Standards Board ("MASB") and Paragraph 9.22 of the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Malaysia"). The Interim Financial Statements should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2013.

These explanatory notes attached to the Interim Financial Statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the year ended 31 December 2013.

**A2. CHANGES IN ACCOUNTING POLICIES**

The accounting policies and methods of computation adopted by the Group in preparing this Interim Financial Statements are consistent with those adopted in the Audited Financial Statements for the year ended 31 December 2013, except for the compliance with the new/ revised Financial Reporting Standards ("FRSs") that came into effect during the financial quarter under review.

The adoption of the new/revised FRSs that came into effect during the financial quarter under review do not have any significant financial impact on the Group's financial result for the financial quarter under review nor the Group's shareholders' funds as at 30 June 2014.

To converge with International Financial Reporting Standards ("IFRSs") in 2012, the Malaysian Accounting Standard Board ("MASB") had on 19 November 2011 issued the Malaysian Financial Reporting Standards ("MFRS"), which are mandatory for annual financial period beginning on or after 1 January 2012, with the exception of entities that are within the scope of MFRS 141 Agriculture and IC Interpretation 15 Agreements for Construction of Real Estate, including its parent, significant investor and venture (herein referred as "Transitioning Entity").

Transitioning Entity will be allowed to defer adoption of new MFRSs for an additional of three years. Consequently, adoption of the MFRSs by Transitioning Entity will be mandatory for annual periods beginning on or after 1 January 2015.

The Group is subject to the application of IC Interpretation 15 and is therefore a Transitioning Entity. As such, the Group elected to continue preparing its financial statements in accordance with the FRSs framework for the annual periods beginning on or before 1 January 2015.

The Group is currently in the process of determining the impact arising from the initial application of MFRS framework.

**OUR UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX (6)-MONTH FPE 30 JUNE 2014 (CONT'D)**

**A3. AUDITORS' REPORT ON PRECEDING AUDITED FINANCIAL STATEMENTS**

The auditors' report on the Audited Financial Statements for the year ended 31 December 2013 was not subject to any qualification.

**A4. SEASONAL OR CYCLICAL FACTORS**

The business operations of the Group for the current financial quarter and year-to-date were not subject to any seasonal or cyclical factors.

**A5. UNUSUAL ITEMS**

There were no unusual items which have a material effect on the assets, liabilities, equity, net income or cash flow of the Group for the current financial quarter and year-to-date.

**A6. CHANGES IN ESTIMATES**

There were no changes in estimates of amounts reported in prior financial years which may have a material effect in the current financial quarter.

**A7. DEBT AND EQUITY SECURITIES**

There were no issuance, cancellation, repurchase, resale and repayment of debt and equity securities for the current financial quarter.

**A8. DIVIDENDS PAID**

The Company did not make any payment of dividends during the current financial quarter.

**A9. PROFIT BEFORE TAX**

The following items have been included in arriving at profit before tax :

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Depreciation of property, plant and equipment	88	108	189	210
Goodwill on consolidation written-off	3	-	3	-

Save for the items disclosed in the Statement of Comprehensive Income and the note above, other items pursuant to Appendix 9B Note 16 of the MMLR are not applicable.

**OUR UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX (6)-MONTH FPE 30 JUNE 2014 (CONT'D)**

**A10. SEGMENTAL INFORMATION**

The analysis of the Group's operations for the financial period ended 30 June 2014 are as follows :-

	Investment Holding & Others	Property Development & Investment	<u>GROUP</u>
	RM'000	RM'000	RM'000
Segment Revenue - External	-	45,184	45,184
Segment Results	(348)	7,663	7,315
Interest Income			99
Interest Expenses			(8)
Profit Before Tax			7,406
Taxation			(2,105)
Profit For The Period			5,301

**A11. VALUATION OF PROPERTY, PLANT AND EQUIPMENT**

The valuation of property, plant and equipment has been brought forward without any amendments from the Audited Financial Statements for the year ended 31 December 2013.

**A12. MATERIAL EVENTS SUBSEQUENT TO THE END OF THE PERIOD UNDER REVIEW**

There were no material events subsequent to the end of the current financial quarter that have not been reflected in the Interim Financial Statement for the current financial quarter as at the date of this Quarterly Report except for the events relating to the Corporate Proposals as disclosed under Item B8 (Corporate Proposals) below.

**A13. CHANGES IN COMPOSITION OF THE GROUP**

Other than as disclosed under Item B8 (Corporate Proposals) below, the Company's wholly-owned subsidiary, Hala Kota Development Sdn Bhd, had on 6 May 2014, acquired two (2) ordinary shares of RM1.00 each representing the entire equity in Solid Spectra Sdn Bhd ("the Acquiree") from Dato' Yap Jun Jien and Yap Jun Wei for a cash consideration of RM2.00 (Ringgit Malaysia: Two) only ("the Acquisition"). The financial statements of the Acquisition were consolidated into the Group during the current financial quarter.

The Acquiree was incorporated in Malaysia and is currently dormant. The intended principal activity of the Acquiree is property development and construction. The effective % equity held in the Acquiree is 100 %.

**OUR UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX (6)-MONTH FPE 30 JUNE 2014 (CONT'D)**

The value of the Acquiree's liabilities assumed were as follows :-

	<u>Amount</u> RM
Non-trade payables & accruals	(3,371)
Value of total Net Liabilities	<u>(3,371)</u>
Goodwill on consolidation (#)	3,373
Total cost of acquisition	<u>2</u>
<b>Cash outflow arising on acquisition</b>	
Purchase consideration satisfied by cash	2
Cash and cash equivalents of Acquiree acquired	<u>-</u>
Net cash outflow to the Group	<u>(2)</u>

(#) : The Goodwill on consolidation was written-off as expense during the current quarter.

**A14. CHANGES IN CONTINGENT LIABILITIES AND CONTINGENT ASSETS**

There was no material contingent liabilities and/or contingent assets as at the date of this Quarterly Report.

**A15. CAPITAL COMMITMENTS**

There were no material capital commitments which are not provided for in the Interim Financial Statements, as at the date of this Quarterly Report, except for a subsidiary's outstanding capital commitment amounting to RM3.0 million (2013 : RM5.0 million) which have been contracted but not provided for in the financial statements. This commitment is in respect of the balance of development cost for the construction of a commercial building on the said subsidiary's freehold land.



**OUR UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX (6)-MONTH FPE 30 JUNE 2014 (CONT'D)****PART B: ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA LISTING REQUIREMENTS****B1. REVIEW OF PERFORMANCE**

The Group's revenue was mainly derived from the development activities for the current financial quarter and year-to-date ended 30 June 2014.

Turnover for the current financial quarter was lower at RM22.17 million, a decrease of RM5.02 million, as compared to the preceding year's corresponding quarter of RM27.19 million. Turnover for the current financial year-to-date was also lower at RM45.18 million, a decrease of RM9.06 million, as compared to the preceding year's corresponding year-to-date of RM54.24 million. The decrease in turnover for both the current financial quarter and year-to-date were mainly due to most ongoing phases have reached their ending stages in the recent financial quarters coupled with the relatively slow development progress from its recently launched phases.

Despite the lower turnover (as mentioned above), profit after tax for both the current financial quarter and year-to-date were higher at RM2.57 million and RM5.30 million respectively as compared to the preceding year's corresponding profit after tax of RM1.05 million and RM2.68 million respectively. The higher profit after tax for the current financial quarter was mainly due to the higher gross development profit contribution from the recently launched phases. Whereas the higher profit after tax for the current financial year-to-date was mainly due to the same reason coupled with lower operating expenses and finance costs.

**B2. COMPARISON WITH IMMEDIATE PRECEDING QUARTER'S REPORT**

Turnover for the current financial quarter ended 30 June 2014 was slightly lower at RM22.17 million as compared to the preceding financial quarter of RM23.01 million.

The profit before tax for the current financial quarter was also slightly lower at RM3.65 million as compared to the preceding financial quarter of RM3.76 million.

**B3. CURRENT YEAR PROSPECTS**

In view that the market for the property development is sustaining, the Directors expect the revenue of the Group to improve for the financial year ending 31 December 2014 with the new development phases to be launched soon and the recently announced Corporate Proposals under Item B8.

**B4. PROFIT FORECAST AND PROFIT GUARANTEE**

Not applicable as the Company did not issue any profit forecast and/or profit guarantee.

**OUR UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX (6)-MONTH FPE 30 JUNE 2014 (CONT'D)**

**B5. TAXATION**

The taxation charge for the Group are as follows :-

	Current Quarter	Current Year-To-Date
	RM'000	RM'000
Income tax - current year	(1,440)	(3,064)
- (under)/overprovision in prior year	(91)	(91)
Deferred tax	453	1,050
	(1,078)	(2,105)

The Group's effective tax rate for both the current financial quarter and year-to-date are higher than the Malaysian statutory tax rate of 25% due to the non-existence of group tax relief and certain expenses being non-deductible for income tax purposes.

**B6. SALE OF UNQUOTED INVESTMENTS AND PROPERTIES**

There was no sale of unquoted investments and/or properties (classified under "Asset Held For Sale") for the current financial quarter and year-to-date, except for a disposal of a freehold land to a third party via a conditional sale and purchase agreement in the previous financial year, but the said disposal has yet to be accounted for in the financial statements pending fulfillment of the conditions precedents stated therein. However, the said disposal (which is expected to be completed by the 3rd Quarter of 2014) has no material financial effect to the Group's result for both the current financial quarter and year-to-date.

**B7. QUOTED SECURITIES**

There was no purchase or disposal of quoted securities for the current financial quarter and year-to-date.

**B8. CORPORATE PROPOSALS**

The followings are the events relating to the Group's Corporate Proposals since their first announcements :

- (a) On 17 September 2013, AmInvestment Bank Berhad ("AIBB") had announced the following corporate proposals (hereinafter collectively referred to as the "Earlier Announced Proposals") on behalf of Y&G:
- (i) Hala Kota Development Sdn Bhd ("**HKDSB**"), a wholly owned subsidiary of Y&G had on 17 September 2013 entered into a sale and purchase agreement for the proposed acquisition of a leasehold land measuring approximately 107.965 hectares, held under H.S.(D) 129802, Lot 126299, within Mukim and District of Klang, Selangor Darul Ehsan ("KESAS Land") with the Malaysian Agriculture Research and Development Institute for a total cash consideration amounting to RM100.0 million ("**Proposed Land Acquisition**");
  - (ii) Proposed issue of free warrants in Y&G ("**Warrants**") of 15,386,900 Warrants on the basis of one (1) Warrant for every ten (10) existing ordinary share of RM1.00 each in Y&G ("**Y&G Share(s)**" or "**Share(s)**") held by the entitled shareholders of the Company ("**Entitled Shareholders**") on the entitlement date to be determined and announced later ("**Entitlement Date**") ("**Proposed Free Warrants**");

**OUR UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX (6)-MONTH FPE 30 JUNE 2014 (CONT'D)**

- (iii) Proposed renounceable rights issue of up to 30,773,800 new Y&G Shares (“**Rights Share(s)**”) together with up to 15,386,900 new detachable Warrants on the basis of two (2) Rights Shares together with one (1) Warrant for every ten (10) existing Y&G Shares held by the Entitled Shareholders on the Entitlement Date (“**Proposed Rights Issue with Warrants**”); and
- (iv) Proposed private placement of up to 15,386,900 new Y&G Shares (“**Placement Shares**”), representing approximately ten percent (10%) of the issued and paid-up share capital of Y&G together with up to 7,693,450 new detachable Warrants on the basis of one (1) Warrant for every two (2) Placement Shares subscribed (“**Proposed Private Placement with Warrants**”).
- (b) On 30 September 2013, AIBB had announced on behalf of Y&G that the valuation report prepared by Messrs Jones Lang Wootton dated 13 September 2013 for the KESAS Land in relation to the Proposed Land Acquisition had been submitted to Bursa Malaysia.
- (c) On 19 November 2013, AIBB had further announced the following additional corporate proposals (hereinafter collectively referred to as the “**New Proposals**”) on behalf of Y&G:
- (i) Y&G had on 19 November 2013 entered into the following agreements:-
- 1) conditional sale and purchase agreement (“**SPA**”) with Dato’ Yap Jun Jien, Gan Li Ching and Yap Jun Wei (“**MRSB Vendors**”) for the proposed acquisition of 1,000,000 ordinary shares of RM1.00 each in Magna Rembang Sdn Bhd (“**MRSB**”) (“**MRSB Share(s)**”), representing 100.0% of the issued and paid-up share capital of MRSB for an indicative purchase consideration of RM11,403,000 to be satisfied via the issuance of irredeemable convertible preference shares of RM1.00 each in Y&G (“**ICPS**”) together with free warrants in Y&G on the basis of one (1) Warrant for every two (2) ICPS issued (“**Warrants**”) (“**MRSB SPA**”) (“**Proposed MRSB Acquisition**”);
  - 2) conditional SPA with Dato’ Yap Jun Jien and Yap Jun Wei (“**KKSB Vendors**”) for the proposed acquisition of 2 ordinary shares of RM1.00 each in Kualiti Kinta Sdn Bhd (“**KKSB**”) (“**KKSB Share(s)**”), representing 100.0% of the issued and paid-up share capital of KKSB for an indicative total purchase consideration together with the proposed settlement of the amount owing by KKSB and its subsidiary (“**KKSB Group**”) to Dato’ Yap Jun Jien (“**Amount Owning by KKSB Group**”) for an indicative total purchase consideration of RM7,690,810 to be satisfied via the issuance of ICPS together with Warrants (“**KKSB SPA**”) (“**Proposed KKSB Acquisition**”); and
  - 3) conditional SPA with Dato’ Sri Yap Seng Yew (“**FDSB Vendor**”) for the proposed acquisition of 125,000 ordinary shares of RM1.00 each in Fortuneprop Development Sdn Bhd (“**FDSB**”) (“**FDSB Share(s)**”), representing 50.0% of the issued and paid-up share capital of FDSB for an indicative total purchase consideration of RM6,723,000 to be satisfied via the issuance of ICPS together with Warrants (“**FDSB SPA**”) (“**Proposed FDSB Acquisition**”).
- Item (1) – (3) are hereinafter referred to as the “**Proposed Related Party Acquisitions**”.
- (ii) Y&G proposes to make amendments to the Memorandum and Articles of Association of Y&G (“**M&A**”) to facilitate the issuance of the ICPS pursuant to the Proposed Related Party Acquisitions (“**Proposed M&A Amendments**”).

The New Proposals and the Earlier Announced Proposals are collectively referred to as “**Corporate Proposals**”.

**OUR UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX (6)-MONTH FPE 30 JUNE 2014 (CONT'D)**

- (d) On 27 December 2013, AIBB had announced on behalf of Y&G that an application had been submitted to Bursa Malaysia in respect of :-
- (i) The admission of the Warrants to the official list of Bursa Malaysia and the initial listing application of and quotation for up to 51,375,655 Warrants to be issued pursuant to the Proposed Free Warrants, Proposed Rights Issue with Warrants, Proposed Private Placement with Warrants, Proposed MRSB Acquisition, Proposed KKSB Acquisition and Proposed FDSB Acquisition on the Main Market of Bursa Malaysia ("**the Main Market**"); and
  - (ii) The additional listing application for the listing of and quotation on the Main Market for the following :-
    - (1) Up to 30,773,800 new Y&G Shares to be issued pursuant to the Proposed Rights Issue with Warrants on the Main Market;
    - (2) Up to 15,386,900 new Y&G Shares to be issued pursuant to the Proposed Private Placement with Warrants on the Main Market;
    - (3) Up to 25,816,810 new Y&G Shares to be issued pursuant to the conversion of the ICPS on the Main Market; and
    - (4) Up to 51,375,655 new Y&G Shares to be issued pursuant to the exercise of the Warrants on the Main Market.
- (e) On 18 February 2014, AIBB had announced on behalf of Y&G the final purchase consideration of MRSB (RM11,403,000), KKSB (RM7,940,808) and FDSB (RM6,722,000) following the completion of the special audit of the said Acquiree Companies.
- (f) On 28 February 2014, AIBB had announced on behalf of Y&G that Bursa Malaysia had vide its letter dated 28 February 2014, given its approval for the admission of Warrants on the Official List of Bursa Malaysia as well as the listing of and quotation for the Warrants, Rights Shares, Placement Shares and new Y&G Shares to be issued pursuant to the exercise of the Warrants and conversion of ICPS on the Main Market of Bursa Malaysia. The Circular to Shareholders and Notice of EGM dated 14 March 2014 ("EGM Notice") convening the EGM on 11 April 2014 to seek shareholders' approval, have been circulated out to the shareholders.
- (g) On 11 April 2014, Y&G had announced that the resolutions set out in the above EGM Notice were duly passed by the shareholders at the EGM held on 11 April 2014.
- (h) On 16 May 2014, AIBB had announced on behalf of Y&G that Y&G and the respective Vendors, had mutually agreed to extend the Stop Date of the MRSB SPA, KKSB SPA and FDSB SPA to 11 August 2014 to facilitate the fulfilment of the conditions precedent. Based on the terms of the MRSB SPA, KKSB SPA and FDSB SPA, the conditions precedent contained therein shall be fulfilled by a date falling six (6) months from the date of the respective SPA i.e. 18 May 2014 ("Stop Date") or such later date as Y&G and the respective vendors may mutually agree in writing.
- (i) On 10 June 2014, AIBB had announced that HKDSB and MARDI had mutually agreed to extend the KESAS Land Cut-Off Date to 30 October 2014. The KESAS Land SPA provides that in the event that the conditions precedent contained therein shall not be fulfilled within nine (9) months from the date of the KESAS Land SPA ie. 16 June 2014 ("KESAS Land Cut-Off Date") or such extended period or periods as may be extended by mutual consent of HKDSB and MARDI, then either party shall be at liberty to terminate the KESAS Land SPA by notice in writing to the other party.

**OUR UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX (6)-MONTH FPE 30 JUNE 2014 (CONT'D)**

- (j) On 12 August 2014, AIBB had announced on behalf of Y&G that the MRSB SPA and KKSB SPA had become unconditional on 11 August 2014 following the fulfillment of the conditions precedent of MRSB SPA and KKSB SPA, and that Y&G had on the same date mutually agreed with the MRSB Vendors and the KKSB Vendors respectively to fix the respective completion date on 1 October 2014. In addition AIBB also announced that Y&G and the FDSB Vendor had mutually agreed to further extend the Stop Date of the FDSB SPA to 30 September 2014 to facilitate the fulfillment of the conditions precedent of the FDSB SPA.
- (k) On 13 August 2014, AIBB had announced on behalf of Y&G that Y&G had on 13 August 2014 applied to Bursa Malaysia for an extension of time for the implementation of the Corporate Proposals.

For further information of the Corporate Proposals, please refer to the detailed announcements in the Bursa Malaysia's Website.

**Public Shareholding Spread**

The followings are the events pertaining to the Company's Public Shareholding Spread during the current financial year-to-date:

- (a) On 27 March 2014, Y&G had announced that the Company had on 27 March 2014 submitted an application to Bursa Malaysia to seek a further 7<sup>th</sup> Extension of time of twelve (12) months from 1 April 2014 to 31 March 2015 ("7<sup>th</sup> Extension") to comply with the PSS Requirement.
- (b) On 21 April 2014, Y&G had announced, that Bursa Malaysia had, vide its letter dated 21 April 2014, granted the 7<sup>th</sup> Extension but only for a further three (3) months until 30 June 2014 to comply with the PSS Requirement.
- (c) On 18 June 2014, Y&G had announced that the Company had on 18 June 2014 submitted an application to Bursa Malaysia to seek a further 8<sup>th</sup> Extension of time of eleven (11) months from 1 July 2014 to 31 May 2015 ("8<sup>th</sup> Extension") to comply with the PSS Requirement.
- (d) On 4 July 2014, Y&G had submitted an update status of the Corporate Proposals to Bursa Malaysia in relation to the above 8<sup>th</sup> Extension application. However, Y&G has still yet to receive an official reply from Bursa Malaysia until to-date.
- (e) As at 15 August 2014, the public shareholding spread of the Company was at 13.32%.

**OUR UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX (6)-MONTH FPE 30 JUNE 2014 (CONT'D)**

**B9. GROUP BORROWINGS AND DEBT SECURITIES**

Group Borrowings as at 30 June 2014 are as follows :-

	Secured RM'000	Unsecured RM'000	Total RM'000
(a) Short Term Borrowings :			
Finance lease obligation	60	-	60
Term loan	-	-	-
	<u>60</u>	<u>-</u>	<u>60</u>
(b) Long Term Borrowings :			
Finance lease obligation	220	-	220
Term loan	-	-	-
	<u>220</u>	<u>-</u>	<u>220</u>
Total Borrowings	280	-	280

There was no borrowing or debt security denominated in foreign currencies.

**B10. OFF BALANCE SHEET FINANCIAL INSTRUMENTS**

There was no financial instrument with off balance sheet risk as at the date of this Quarterly Report.

**B11. DISCLOSURE OF REALISED AND UNREALISED ACCUMULATED PROFITS**

Bursa Malaysia has on 25 March 2010 issued a directive which requires all listed companies to disclose breakdown of the accumulated profits or losses as at the end of the reporting period, into realised and unrealised profits or losses, for the purpose of greater transparency. The breakdown of the Group's accumulated profits or losses at 30 June 2014, pursuant to the format prescribed by Bursa Malaysia, is as follows :

	As at 30 June 2014 RM'000	As at 31 March 2014 RM'000
Realised	36,404	34,235
Unrealised	(8,223)	(8,676)
Total Group's Accumulated Profits	<u>28,181</u>	<u>25,559</u>

**B12. MATERIAL LITIGATIONS**

The changes in material litigations (including status of any pending material litigations) since the previous Quarterly Report are listed in the Appendix 1 attached hereto.

**B13. DIVIDEND**

The Board of Directors does not recommend any dividend for the current financial quarter and year-to-date.

**OUR UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX (6)-MONTH FPE 30 JUNE 2014 (CONT'D)**

**B14. EARNINGS PER SHARE**

Basic earnings per share is calculated by dividing the total comprehensive income attributable to equity holders of the parent for the current financial quarter and year-to-date by the weighted average of ordinary shares in issue during the said quarter and year-to-date.

	<b>Individual Quarter</b>	<b>Cumulative Quarter</b>
Total Comprehensive Income attributable to equity holders of the parent (RM'000)	2,622	5,351
Weighted average number of ordinary share in issue ('000)	153,869	153,869
Earnings per share (sen)	1.70	3.48
Diluted EPS (sen)	1.70	3.48

By Order of the Board

Wong Keo Rou (MAICSA 7021435)  
Secretary  
Kuala Lumpur  
Date : 18 August 2014

OUR UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX (6)-MONTH FPE 30 JUNE 2014 (CONT'D)

APPENDIX I

STATUS OF MATERIAL LITIGATIONS AS AT 18 AUGUST 2014

Legal Action against Y&G Corporation Bhd ("Y&G")

- (i) **ICP Marketing Sdn Bhd vs MBSB & Lee Hock Soon & Y&G  
Shah Alam High Court Suit No. MT5-22-209-2002  
Kuala Lumpur High Court Originating Summons No. 24NCVC-923-05/2013**

Since the previous Quarterly Report, the Court had on the Case Management held on 23 May 2014, directed both parties to file in their respective list of witnesses on 23 June 2014.

**Status:** The matter is now fixed for final Case Management on 15 October 2014 and for full trial from 17 November 2014 to 19 November 2014.

- (ii) **Lembaga Pembangunan Perumahan dan Bandar ("LPPB") vs Y&G  
High Court of Sabah and Sarawak at Federal Territory of Labuan Suit No : LBN-22NCVC-8/10-2013**

Since the previous Quarterly Report and further to Y&G's earlier settlement proposal (via payment-in-kind), Y&G had on 7 July 2014 officially written in to LPPB proposing the aforesaid settlement via a completed property whereby LPPB can utilize the guaranteed sum of RM1,767,052.00 as a credit toward part payment of the said Property's discounted price.

**Status:** LPPB had accepted the above proposal in principle but subject to finalization of the terms.

- (iii) **John & Partners Construction Sdn Bhd ("JPCSB") vs. Y&G  
Kuching High Court Originating Summons No. KCH-24-99/6-2013**

There is no further development in this case since the previous Quarterly Report.

**Status:** Y&G has instructed its Solicitors to attend to the case management of the appeal (including objecting to the appeal on technical ground) but which date has yet to be fixed by the Court.



DIRECTORS' REPORT



**Y&G  
CORPORATION BHD**  
(6403-X)

Lot G-01, Ground Floor Tower B, PJ City Development  
15A, Jalan 219 Seksyen 51A, 46100 Petaling Jaya, Selangor

T +603 7876 1188  
F +603 7874 3588 / 3788

Date: 13 October 2014

The Shareholders of

**Y&G CORPORATION BHD**  
**("Y&G" OR THE "COMPANY")**

Dear Sir/Madam,

On behalf of the Board of Directors of Y&G ("**Board**"), I wish to report that after due enquiry by us in relation to the interval between the period from 31 December 2013 (being the date to which the last audited consolidated financial statements of the Company and its subsidiaries ("**Group**") have been made up) to the date hereof (being a date not earlier than fourteen (14) days before the date of issuance of this Abridged Prospectus), that:-

- (a) the business of the Group has, in the opinion of the Board, been satisfactorily maintained;
- (b) in the opinion of the Board, no circumstances has arisen since the last audited consolidated financial statements of the Group, which have adversely affected the trading or the value of the assets of the Group;
- (c) the current assets of the Group appear in the books at values which are believed to be realisable in the ordinary course of business;
- (d) there are no contingent liabilities which have arisen by reason of any guarantee or indemnity given by the Group;
- (e) since the latest audited consolidated financial statements of the Group, there has been no default or any known event that could give rise to a default situation, in respect of payments of either interest and / or principal sums in relation to any borrowings which the Board is aware of; and
- (f) there have been no material changes in the published reserves or any unusual factors affecting the profits of the Group since the last audited consolidated financial statements of the Group.

Yours faithfully,  
For and on behalf of the Board of  
**Y&G CORPORATION BHD**

**DATO' YAP JUN JIEN**  
Executive Director

**ADDITIONAL INFORMATION**

---

**1. SHARE CAPITAL**

- (i) Save for the new Y&G Shares to be issued pursuant to the exercise of the Warrants and conversion of the ICPS, no securities will be allotted or issued on the basis of this Abridged Prospectus later than twelve (12) months after the date of the issuance of this Abridged Prospectus.
- (ii) As at the date of this Abridged Prospectus, save for the Warrants, no person has been or is entitled to be granted an option to subscribe for any securities of our Company and no capital of our Group is under any option or agreed conditionally to be put under any option.

**2. RIGHTS ATTACHING TO SECURITIES**

As at the date of this Abridged Prospectus, our Company has two (2) classes of shares in our authorised share capital, namely Shares and ICPS.

An extract of the relevant provisions of our Articles of Association on the rights of voting at the meetings of our Company conferred by, and the rights in respect of capital and dividends attached to each of the two (2) classes of shares in our authorised share capital are set out below:

**2.1 Shares****Article 18 Application of Proceeds**

"The net proceeds of any such sale shall have applied in or towards satisfaction of the amount due to the Company, or of the liability or engagement, as the case may be, and the balance (if any) shall be paid to the member or the person (if any) entitled by transmission to the share so sold."

**Article 64 Right to vote**

"Subject to any rights or restrictions for the time being attaching to any class or classes of shares, at meetings of members or of classes or members each member entitled to vote may vote in person or by proxy or by attorney or by representative and on a show of hands, every person present who is a member or a representative or a proxy or an attorney of a member shall have one vote, and on poll every members present in person or by proxy or by attorney or other duly authorised representative shall have one vote for every such share he holds. A proxy shall be entitled to vote on a show of hands or on a poll on any question at any General Meeting."

**Article 65 Voting rights of members**

"Where the capital of the Company consists of shares of different monetary denominations, voting rights shall be prescribed in such manner that unit of capital in each class, when reduced to a common denominator, shall carry the same voting power when such right is exercisable."

**Article 122 Declaration of dividend**

"The Company in general meeting may declare dividends, but no dividend shall exceed the amount recommended by the Directors."

**ADDITIONAL INFORMATION (CONT'D)**

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**Article 123 Interim dividend**

"The Directors may from time to time pay to the members such interim dividends as appear to the Directors to be justified by the profits of the Company."

**Article 124 No interest of unpaid dividend**

"No dividend shall be paid otherwise than out of profits or shall bear interest against the Company."

**Article 125 Payment of dividend**

"The Directors may, before recommending any dividends, set aside out of the profits of the Company such sums as they think proper as reserves which shall, at the discretion of the Directors, be applicable for any purposes at which the profits of the Company may be properly applied and pending any such application may, at the like discretion, either be employed in the business of the Company or be invested in such investments (other than shares in the Company) as the Directors may from time to time think fit. The Directors may also without placing the same to reserve, carry forward any profit which they may think prudent not to divide. "

**Article 126 Dividend pay equally**

"Subject to the rights of persons, if any, entitled to shares with special rights as to dividend, all dividends shall be declared and paid according to the amount paid or credited as paid on the shares in respect whereof the dividend is paid, but no amount paid or credited as paid on a share in advance of calls shall be treated for the purposes of this Article as paid on the shares. All dividends shall be apportioned and paid proportionately to the amount paid or credited as paid on the shares during any portion or portions of the period in respect of which the dividend is paid but if any share is issued on terms providing that it shall rank for dividend as from a particular date, that share shall rank for dividend according."

**Article 128 Dividend in specie**

"Any general meeting declaring a dividend or bonus may direct payment of such dividend or bonus wholly or partly by the distribution of specific assets and in particular of paid-up shares, debentures or debenture stocks of any other company or in any one or more of such ways and the Directors or debenture stocks of any other company or in any one or more of such ways and the Directors shall give effect to such resolution, and where any difficulty arises in regard to such distribution, the Directors may settle the same as they think expedient, and fix the value for distribution of such specific assets or any part thereof and may determine that cash payments shall be made to any members upon the footing of the value so fixed in order to adjust the rights of all parties and may vest any such specific assets in trustees as may seem expedient to the Directors."

**ADDITIONAL INFORMATION (CONT'D)**

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**Article 130 Power to capitalize**

"The Company in general meeting may upon the recommendation of the Directors resolve that it is desirable to capitalize any part of the amount for the time being standing to the credit of any of the Company's reserve accounts or to the credit of profit and loss account or otherwise available for distribution, and accordingly that such sum be set free for distribution amongst the members who would have been entitled thereto if distributed by way of dividend and in the same proportions on conditions that the same be not paid in cash but be applied either in or toward paying up any amounts for the time being unpaid on any shares held by such members respectively or paying up in full unissued shares or debentures of the Company to be allotted and distributed, credited as fully paid up to and amongst such members in the proportion aforesaid, or partly in one way and partly in the other, and the Directors shall give effect to such resolution. A share premium account and a capital redemption reserve may for the purpose of this Article be applied in accordance with Section 60(3) of the Act."

**Article 136 Distribution of assets in specie**

"If the Company is wound up the liquidator may, with the sanction of a special resolution if the Company divide amongst the members in kind the whole or any part of the assets of the Company (whether they consist of property of the same kind or not) and may for that purpose set such value as he deems fair upon any property to be divided as aforesaid and may determine how the division shall be carried out as between the members or different classes of members. The liquidator may, with the like sanction, vest the whole or any part of any such assets in trustees upon trusts for the benefit of the contributories as the liquidator, with the like sanction, think fit, but so that no member shall be compelled to accept any shares of other securities whereon there is any liability."

**2.2 ICPS****Article 14A.1 (a) Dividend**

"Each ICPS Holder shall, in respect of each ICPS registered in his name, be entitled to any dividend declared or paid ranking *pari passu* with the Ordinary Shares. The dividends on the ICPS shall be payable on the date dividends are paid on the Ordinary Shares. The ICPS Holders shall not be entitled to any other rights, allotments and/or other distributions (except dividends) that may be declared by the Company."

**Article 14A.1 (d) Voting**

- (i) "The ICPS Holders shall have the same rights as Members with regard to receiving notices, reports and balance sheets and attending General Meetings of the Company.
- (ii) Notwithstanding anything to the contrary in these Articles, the ICPS Holders shall have no right to vote at any general meeting of the Company except with regard to the following:-
  - (aa) any proposal to wind-up the Company or during the winding-up of the Company;
  - (bb) any proposal that affects the rights and privileges of the ICPS Holders;

**ADDITIONAL INFORMATION (CONT'D)**

- (cc) any proposal to reduce the share capital of the Company; or
- (dd) any proposal for the disposal of the whole or a substantial part of the property, business and undertaking of the Company.
- (iii) With respect to matters to which the ICPS Holders have the right to vote, the ICPS Holders shall be entitled to vote together with the Members. If voting by way of a show of hand, each ICPS Holder shall have one (1) vote and if voting by way of a poll, the ICPS Holder shall have one (1) vote for each ICPS held by him."

**Article 14A.1 (f) Priority on Winding-up and Return of Capital**

"In the event of any form of winding-up of, or return of capital by the Company, the ICPS Holders shall be entitled to receive payment (after payment to creditors of the Company, whether secured or unsecured) of the nominal amount of the ICPS held by them together with any arrears of dividend (whether earned or declared or not) calculated to the date of such payment in priority to the Members of the Company, on a *pari passu* basis amongst the other holders of the ICPS, but shall have no other right to participate in the assets or profits of the Company."

**Article 14A.1 (g) Ranking of New Ordinary Shares Arising From Conversion**

"The new Ordinary Shares to be issued following the Conversion shall, upon allotment and issuance, rank *pari passu* in all respects with the then existing Ordinary Shares in issue, save and except that they shall not be entitled to any dividends, rights, allotments and/or other distributions, the entitlement date of which is prior to the date of allotment of such Ordinary Shares."

**Article 14A.2 Adjustment in relation to the conversion of the ICPS**

- (a) "The Conversion Price and/or number of Ordinary Shares to be issued arising from the Conversion may from time to time be adjusted by the Directors of the Company as and when they deem necessary and expedient, in consultation with professional advisers in all or any of the following circumstances:-
  - (i) an alteration of the par value of Ordinary Shares by reason of consolidation or subdivision;
  - (ii) a bonus issue of fully paid-up Ordinary Shares;
  - (iii) a capital distribution or repayment to shareholders whether by way of reduction of capital or otherwise (but excluding any cancellation of capital which is lost or unrepresented by assets);
  - (iv) a rights issue of Ordinary Shares or warrants;
  - (v) capitalisation of reserves; or
  - (vi) any other circumstances which in the opinion of the Directors of the Company be deemed necessary;

**ADDITIONAL INFORMATION (CONT'D)**

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provided that in no event shall any adjustment involve a reduction of the Conversion Price below the par value of the Ordinary Shares of the Company for the time being. In any event, no adjustment to the Conversion Price and/or number of Ordinary Shares to be issued arising from the Conversion shall be made unless it has been duly certified by an investment bank/universal broker or the auditors of the Company.

- (b) Whenever there is an adjustment as herein provided, the Company shall make available for inspection at the registered office of the Company, a copy of the certificate from the auditors of the Company certifying the adjustment and setting forth brief particulars of the events giving rise to the adjustment, and the period during which the adjustment shall apply.
- (c) In giving any certificate or making any adjustment hereunder, the auditors of the Company shall be deemed to be acting as experts and not as arbitrators (to the intent that the Arbitration Act, 2005 shall not apply) and in the absence of manifest error, their decision shall be conclusive and binding on all ICPS Holders and any other person having interest in any Security of the Company.
- (d) In the event of conflict between the provisions in Article 14A and the provisions of Articles 5 and 134, the provisions of Article 14A will prevail."

**3. REMUNERATION OF DIRECTORS**

An extract of the provisions of our Articles of Association relating to the remuneration of our Directors are as follows:-

85. **Directors' remuneration.** The fees payable to the Directors shall from time to time be determined by the Company in general meeting, and such fees shall be divided among the Directors in such proportions and manner as the Directors may determine PROVIDED ALWAYS that:-
- (a) Fees payable to Directors who hold no executive office in the Company shall be paid by a fixed sum and not by a commission on or percentage of profits or turnover;
  - (b) Salaries payable to Directors who do hold an executive office in the Company may not include a commission on or percentage of turnover;
  - (c) Fees payable to Directors shall not be increased except pursuant to a resolution passed at a general meeting where notice of the proposed increase has been given in the notice convening the meeting;
  - (d) Any fee paid to an Alternate Director shall be such amount as shall be agreed between himself and the Director nominating him and shall be paid out of the remuneration of the latter.

**ADDITIONAL INFORMATION (CONT'D)**

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The Directors may also be paid all traveling, hotel, and other expenses properly incurred by them in attending and returning from meeting of the Directors or any committee of the Directors or general meeting of the Company or in connection with the business of the Company. Any Director who is appointed to any executive office including the office of Chairman or who serves on any committee or who otherwise performs services which in the opinion of the Directors are outside the scope of the ordinary duties of a Director, may be paid such extra remuneration by way of salary, percentage of profits or otherwise as the Directors may determine but not a commission on or percentage of turnover. Any such remuneration payable to a non-executive Director shall not include a commission on or a percentage of profits or turnover.

86. **Director may hold other office.** A Director of the Company may be or become a Director or other officer of, or otherwise interested in, any company promoted by the Company or in which the Company may be Interested as shareholder or otherwise, and no such Director shall be accountable to the Company for any remuneration or other benefits received by him as a Director or officer of, or from his interest in, such other company unless the Company otherwise directs.

**4. MATERIAL CONTRACTS**

Save as disclosed below, there no other material contracts (not being contracts entered into in the ordinary course of business) which have been entered into (including contracts not reduced into writing) by our Group within two (2) years immediately preceding the date of this Abridged Prospectus:-

- (i) On 17 September 2013, HKDSB entered into a SPA with MARDI in respect of the KESAS Land Acquisition for a total cash consideration of RM100.0 million;
- (ii) On 19 November 2013, we entered into a SPA with Dato' Yap Jun Jien, Gan Li Ching, and Yap Jun Wei in respect of the MRSB Acquisition for the total consideration of RM11,403,000, to be satisfied via the issuance of 11,403,000 ICPS together with 5,701,500 Warrants;
- (iii) On 19 November 2013, we entered into a SPA with Dato' Yap Jun Jien and Yap Jun Wei in respect of the KKSBB Acquisition together with the settlement of the amount owing by KKSBB and its subsidiary to Dato' Yap Jun Jien for the total consideration of RM7,940,808, to be satisfied via the issuance of 7,690,810 ICPS together with 3,845,405 Warrants and cash consideration of RM249,998 for the additional KKSBB shares;
- (iv) On 19 November 2013, we entered into a SPA with Dato' Sri Yap Seng Yew in respect of the FDSB Acquisition for the total consideration of RM6,722,000, to be satisfied via the issuance of 6,722,000 ICPS together with 3,361,000 Warrants; and
- (v) The Deed Poll dated 8 October 2014 executed by our Company constituting the Warrants.

**ADDITIONAL INFORMATION (CONT'D)**

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**5. MATERIAL LITIGATION, CLAIMS OR ARBITRATION**

Save as disclosed below, as at the LPD, our Group is not involved in any material litigation, claims and / or arbitration, either as plaintiff or defendant, and we are not aware of any proceedings, pending or threatened, against our Group or of any facts likely to give rise to any proceedings which may materially and adversely affect the financial position or business of our Group:-

(i) **ICP Marketing Sdn Bhd ("ICP Marketing") vs Mercedes Builders Sdn Bhd ("MBSB") & Lee Hock Soon & Y&G**

**Shah Alam High Court Suit No. MT5-22-209-2002**  
**Kuala Lumpur High Court Civil Suit No: 22NCVC-20-01/2010 (formerly Originating Summons No. 24NCVC-923-05/2013)**

ICP Marketing had on 26 March 2002 filed a claim for RM854,369.37 in respect of goods (pretentioned spun concrete piles) sold and delivered in relation to the Likas Sport Complex Project located in Kota Kinabalu, Sabah against MBSB, RM1,000,000.00 against Lee Hock Soon as the personal guarantor of MBSB and RM500,000.00 against our Company as Corporate Guarantor of MBSB. On 16 November 2009, the Court had granted ICP Marketing's claim against both Lee Hock Soon and our Company with costs. Our Company had from December 2009 commenced negotiations with ICP Marketing and on 30 March 2010, our Company wrote to ICP Marketing attaching a cheque of RM100,000.00 as a proposed settlement fee and both parties had in April 2010 reached a settlement that ICP Marketing will not pursue any further legal action against our Company until further discussion.

ICP Marketing had on 14 November 2012 served a Statutory Notice of Demand dated 6 November 2012 pursuant to Section 218 of the Act on our Company demanding payment of a sum of RM2,300,109.56 with interest in respect of the Judgment entered on 16 November 2009. ICP Marketing had on 23 May 2013 served an Originating Summons and an Affidavit in Support both dated 22 May 2013 seeking a declaration from the Court that the proposed settlement letter dated 30 March 2010 of RM100,000.00 is not valid and is not legally binding on ICP Marketing. ICP Marketing is also seeking a declaration that the Judgment entered on 16 November 2009 is valid and enforceable. The matter was fixed for case management on 18 June 2013. On 18 June 2013, both parties had filed their affidavits in reply and the matter was fixed for another case management on 23 August 2013.

The Court had on 23 August 2013 fixed the hearing of the application by both parties on 7 October 2013. On 9 October 2013, the Court referred the case for mediation and fixed for further case management on 22 November 2013. On 22 November 2013, the Court had fixed the matter for hearing on 21 January 2014.

Upon the hearing on 21 January 2014, the Court had allowed ICP Marketing's suggestion to convert the Originating Summons into a Writ without any order as to costs. The matter had been fixed for case management on 20 March 2014 to enable both parties to file in the bundle of documents, pleadings and other ancillary documents, including the fixing of the date of the trial.

On 9 April 2014, our solicitors had filed the sealed copy of the notice of application to amend our statement of defence. The matter was fixed for hearing on 25 April 2014 and pursuant to a further case management held on 23 May 2014, the Court had directed both parties to file in their respective list of witnesses on 23 June 2014.



**ADDITIONAL INFORMATION (CONT'D)**

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The matter was fixed for final case management on 15 October 2014 whereby the parties were given until 20 October 2014 to finalise the witness statements, and the same was filed to the Courts on 20 October 2014. Full trial had been fixed from 17 November 2014 to 19 November 2014.

Our Company's solicitors for this case are of the opinion that ICP Marketing's case is misconceived as our Company has a letter which shows the acceptance of the proposal back in 2010. Further, there is a lapse of more than a reasonable time period (i.e. 2 years) before this claim is made for the full judgment sum. As such, there are grounds to support our contention that this claim cannot be sustained.

(ii) **Lembaga Pembangunan Perumahan dan Bandar ("LPPB") vs Y&G**

**High Court of Sabah and Sarawak at Federal Territory of Labuan Suit No: LBN-22NCVC-8/10-2013**

LPPB had on 21 June 2010 served a sealed copy of the Writ of Summons and Statement of Claim dated 27 May 2010 claiming for a sum of RM1,767,052.00 being the guaranteed amount made by our Company pursuant to a Corporate Guarantee Agreement dated 5 August 2003 following the failure on the part of Sierra Estates Sdn Bhd ("**SESB**") in fulfilling the terms and conditions as per the Second Supplementary Agreement dated 5 August 2003 (with regard to the completion of the 400 units Apartment Project in Labuan) ("**Project**"), plus 8% interest per annum on the said sum (calculated from the date of judgment until the date of full payment) and other incidental costs. SESB was a former subsidiary of our Company through our former subsidiaries namely, Mercedes Builders Sdn Bhd, Mercedes Builders (S) Sdn Bhd ("**MBSSB**") and Primalmas Sdn Bhd which were all deconsolidated from our Group due to the winding-up order issued on MBSSB in 2007. On 1 July 2010, LPPB, our Company and the chargee bank (RHB Bank) had agreed in principle to put on hold the case pending our Company's submission of its Project Revival Proposal ("**Proposal**") of the aforesaid Project.

LPPB had via their letter dated 2 March 2011 accepted our Company's appeal and agreed to extend the submission dateline of the Proposal for another six (6) months until 14 June 2011 provided that our Company's Proposal must be final and conclusive for LPPB's consideration. Our Company had via a letter dated 10 June 2011 enclosed its Revival Feasibility calculation and the Proposal for LPPB's consideration. LPPB had served a notice of demand dated 17 January 2013 for the sum of RM1,767,052.00 and our Company had, via a letter dated 28 February 2013 stated our interest in reviving the Project and had requested for extra time to sort the legal proceedings with RHB Bank.

LPPB had on 1 November 2013, served a fresh sealed copy of the Writ of Summons and Statement of Claim, both dated 24 October 2013 ("**Writ**"), claiming for the guaranteed sum of RM1,767,052.00 ("**Guaranteed Sum**") plus 5% interest per annum on the said Guaranteed Sum (calculated from the date of the summons until full settlement) and other incidental costs.

LPPB had on 6 December 2013 served a seal copy of the Judgment in Default of Appearance dated 28 November 2013 adjudging our Company to pay LPPB the Guaranteed Sum plus 5% statutory interest per annum (calculated from the date of the summons until full settlement) and other incidental costs.

**ADDITIONAL INFORMATION (CONT'D)**

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Our Company had on 19 November 2013 and 23 December 2013 written to LPPB offering to resolve the matter by proposing to fully settle the Guaranteed Sum via payments-in-kind and proposing to revive the Project. LPPB replied, via its solicitors' letter dated 15 January 2014, that in order for LPPB to consider our Company's proposal to revive the Project, our Company was required to remit the Guaranteed Sum together with interest and costs within 14 days.

We had on 7 July 2014, officially written to LPPB proposing the aforesaid settlement via a completed property, whereby LPPB can utilise the Guaranteed Sum as a credit toward part payment of the said property, which is offered to LPPB at a discounted price. LPPB had accepted the said proposal in principal but subject to finalisation of the terms.

Subsequently, we had on 18 August 2014, written in again to LPPB revising further the terms of the settlement proposal. LPPB had vide their letter dated 30 September 2014 accepted our revised proposed settlement but subject to a varied term and the execution of the sale and purchase agreement and the deed of settlement agreement ("**Agreements**").

On 3 October 2014, we had written to LPPB in reply to their letter dated 30 September 2014 accepting LPPB's terms. Hence, this case is now amicably resolved.

(iii) **John & Partners Construction Sdn Bhd ("JPCSB") vs. Y&G**

**Kuching High Court Originating Summons No. KCH-24-99/6-2013**

JPCSB had previously obtained 2 orders dated 10 February 2006 and 22 March 2007 respectively against Mercedes Builders Sdn Bhd ("**MBSB**"), our former subsidiary, before MBSB was wound up. A proof of debt was also filed with the Director General of Insolvency on 13 August 2012. Pursuant to the orders, MBSB was, amongst others, required to pay damages to JPCSB, deliver vacant possession of a private lot in Kuching ("**the said Lot**") and to pay the redemption sum in respect of a bridging loan of the said Lot to secure the release of the document of title. Due to the failure of MBSB to pay the redemption sum, JPCSB was forced to pay the redemption sum to the bridging financier.

JPCSB had on 8 July 2013 served an Originating Summons and Affidavit in Support both dated 25 June 2013 on our Company seeking *inter alia*, a declaration that our Company shall be personally responsible for all the debts or other liabilities of MBSB previously due to JPCSB and an order that our Company do repay JPCSB the sum of RM383,400.00 being redemption sum paid by JPCSB but which by an order of court should have been paid by MBSB before it was wound up.

The Court had on the hearing date of 4 September 2013, allowed JPCSB's application to amend the Originating Summons and directed our Company to file in its Affidavit in Opposition ("**AIO**") within fourteen (14) days and had fixed the hearing date on 7 October 2013. Our Company had filed in its AIO dated 26 September 2013 to JPCSB and the Court. The Court had on 7 October 2013 further adjourned the hearing to 8 November 2013, for JPCSB to file an Affidavit in Reply ("**AIR**") to our Company's AIO. JPCSB had filed in their AIR dated 14 October 2013 and served it on our Company's solicitors on 28 October 2013, and in return our Company had filed in its second AIO dated 12 November 2013.

**ADDITIONAL INFORMATION (CONT'D)**

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The matter was fixed for hearing before the High Court, Kuching on 10 February 2014. On 10 February 2014, the Court had fixed the matter for ruling on 24 March 2014.

The High Court had on 27 March 2014, dismissed JPCSB's originating summons with costs of RM10,000.00 and JPCSB had one (1) month to file an appeal against the ruling to the Court of Appeal.

JPCSB had filed a Notice of Appeal to the Court of Appeal against the decision of the High Court given on 27 March 2014. However, a copy of the said Notice was only served on our solicitors on 15 May 2014.

Our Company had instructed our solicitors to attend to the case management of the appeal (including objecting to the appeal on technical grounds) but the date has yet to be fixed by the Court.

Our solicitors for this case are of the opinion that we have a reasonably good chance of succeeding in having JPCSB's appeal dismissed, in light of the current position of the law on the lifting of the corporate veil on a separate legal entity.

**6. CONSENTS**

- (i) The written consents of the Principal Adviser, Financial Adviser, Share Registrar, company secretary, solicitors for the Rights Issue with Warrants and principal bankers for the inclusion in this Abridged Prospectus of their names and all references thereto in the form and context in which they appear have been given before the issuance of this Abridged Prospectus and have not been subsequently withdrawn.
- (ii) The written consent of our auditors for the inclusion in this Abridged Prospectus of their name, letter and report relating to our audited consolidated financial statements for the FYE 31 December 2013, and all references thereto in the form and context in which they appear have been given before the issuance of this Abridged Prospectus and have not been subsequently withdrawn.
- (iii) The written consent of our Reporting Accountants for the inclusion in this Abridged Prospectus of their name, letter and their report relating to our proforma consolidated statements of financial position of our Group as at 31 December 2013, and all references thereto in the form and context in which they appear have been given before the issuance of this Abridged Prospectus and have not been subsequently withdrawn.
- (iv) The written consent of Bloomberg (Malaysia) Sdn Bhd to the inclusion in this Abridged Prospectus of its name and the citation of the market data made available to its subscribers in the form and context in which they appear has been given before the issuance of this Abridged Prospectus and has not been subsequently withdrawn.
- (v) The written consent of JLW to the inclusion in this Abridged Prospectus of their name, valuation certificate and all references thereto in the form and context in which they appear have been given before the issuance of this Abridged Prospectus and have not subsequently been withdrawn.

**ADDITIONAL INFORMATION (CONT'D)**

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**7. GENERAL**

- (i) There are no service contracts or proposed service contracts between our Directors and our Company or any of our subsidiaries, excluding contracts expiring or determinable by the employing company without payment or compensation (other than statutory compensation) within one (1) year from the date of this Abridged Prospectus.
- (ii) Save as disclosed in this Abridged Prospectus, our Board is not aware of any material information, including all special trade factors or risks which are unlikely to be known or anticipated by the general public and which could materially affect our Group's profits.
- (iii) Save as disclosed in this Abridged Prospectus, and to the best knowledge of our Board, the financial condition and operations of our Group are not affected by any of the following:-
  - (a) known trends, demands, commitments, events or uncertainties that will or are likely to materially increase or decrease our Group's liquidity;
  - (b) any material commitment for capital expenditure of our Group;
  - (c) unusual, infrequent events or transactions or any significant economic changes which materially affect the amount of reported income from our operations; and
  - (d) known trends or uncertainties which have had, or that our Group reasonably expects to have, a material favourable or unfavourable impact on our revenues or operating income.

**8. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents will be available for inspection at our registered office at 2-1, Jalan Sri Hartamas 8, Sri Hartamas, 50480 Kuala Lumpur, during normal business hours from Mondays to Fridays (except public holidays) for a period of twelve (12) months from the date of this Abridged Prospectus:-

- (i) our Company's Memorandum and Articles of Association;
- (ii) our proforma consolidated statements of financial position as at 31 December 2013 together with the Reporting Accountants' report thereon as set out in Appendix V of this Abridged Prospectus;
- (iii) our audited consolidated financial statements for the past two (2) FYEs 31 December 2012 and 2013;
- (iv) our unaudited consolidated financial statements for the six (6)-months FPE 30 June 2014;
- (v) Deed Poll;
- (vi) the material contracts referred to in Section 4 of Appendix IX of this Abridged Prospectus;
- (vii) the valuation certificate of the KESAS Land and the valuation report of the KESAS Land dated 13 September 2013 as well as the updated valuation certificate together with the updated valuation letter of the KESAS Land dated 20 June 2014;

**ADDITIONAL INFORMATION (CONT'D)**

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- (viii) the Directors' Report as set out in Appendix VIII of this Abridged Prospectus;
- (ix) the writ and relevant cause papers in relation to the material litigation matters as set out in Section 5 of Appendix IX of this Abridged Prospectus;
- (x) the letters of consent as referred to in Section 6 of Appendix IX of this Abridged Prospectus; and
- (xi) the Undertakings referred to in Section 4 of this Abridged Prospectus.

**9. RESPONSIBILITY STATEMENT**

- (i) Our Board has seen and approved this Abridged Prospectus, together with the NPA and RSF and they collectively and individually accept full responsibility for the accuracy of the information given and confirm that, after having made all reasonable inquiries, and to the best of their knowledge and belief, there are no false or misleading statements or other facts which if omitted would make the statements in these documents false or misleading.
- (i) AmInvestment Bank and Newfields, being the Principal Adviser and Financial Adviser respectively for the Rights Issue with Warrants, acknowledges that, based on all available information, and to the best of their knowledge and belief, this Abridged Prospectus constitutes full and true disclosure of all material facts concerning the Rights Issue with Warrants.