THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

If you have sold or transferred all your shares in **Yat Sing Holdings Limited**, you should at once hand this circular and the accompanying form of proxy to the purchaser(s) or the transferee(s) or to the bank, licensed securities dealer or registered institution in securities or other agent through whom the sale and transfer was effected for transmission to the purchaser(s) or the transferee(s).

YAT SING HOLDINGS LIMITED
日 成 控 股 有 限 公 司

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 3708)

MAJOR TRANSACTION IN RELATION TO THE ACQUISITION OF 55% EQUITY INTEREST IN THE TARGET COMPANY

Financial advisers to the Company

KINGSTON CORPORATE FINANCE

紅日資本有限公司
RED SUN CAPITAL LIMITED

No general meeting will be held to approve the Acquisition and the transactions contemplated thereunder.

19 March 2018

CONTENTS

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

"2018 Actual Profits"	the after-tax net profit of the Target Company for the year ending 31 December 2018
"2018 Certificate of Profits"	a certificate to be certified by an auditor of the audited consolidated financial statements and the after-tax net profit of the Target Company for the year ending 31 December 2018 within three months after the end of the financial year
"2018 Deductible Amount"	being (2018 Profit Guarantee – 2018 Actual Profits) x 55% x 7 *(being the price-to-earnings ratio as agreed by the Purchaser and the Vendor)*
"2018 PG Security Deposit"	RMB6,000,000 as security for the fulfilment of the 2018 Profit Guarantee
"2018 Profit Guarantee"	the 2018 Actual Profit shall be not less than RMB10,000,000
"2019 Actual Profits"	the after-tax net profit of the Target Company for the year ending 31 December 2019
"2019 Certificate of Profits"	a certificate to be certified by an auditor of the audited consolidated financial statements and the after-tax net profit of the Target Company for the year ending 31 December 2019 within three months after the end of the financial year
"2019 Deductible Amount"	being (2019 Profit Guarantee – 2019 Actual Profits) x 55% x 7 *(being the price-to-earnings ratio as agreed by the Purchaser and the Vendor)*
"2019 PG Security Deposit"	RMB6,000,000 as security for the fulfilment of the 2019 Profit Guarantee
"2019 Profit Guarantee"	the 2019 Actual Profit shall be not less than RMB12,000,000
"Acquisition"	the proposed acquisition of the Sale Interest by the Purchaser, in accordance with the terms and conditions of the Sale and Purchase Agreement
"Board"	the board of Directors

"Business Day(s)"	any day(s) (other than a Saturday, Sunday or public holiday in Hong Kong) on which banks in Hong Kong are generally open for normal banking business
"Company"	Yat Sing Holdings Limited, a company incorporated in the Cayman Islands with limited liability and the issued Shares of which are listed on the Main Board of the Stock Exchange (stock code: 3708)
"Completion"	completion of the Acquisition pursuant to the terms and conditions of the Sale and Purchase Agreement
"Completion Date"	the date of the Completion, which shall be a day within three Business Days following the date on which the last of the conditions precedent to the Sale and Purchase Agreement being fulfilled or waived (as the case may be) or such other date as the parties to the Sale and Purchase Agreement may agree in writing
"connected person(s)"	has the meaning ascribed to it in the Listing Rules
"Consideration"	the consideration to be satisfied by the Purchaser to the Vendor (or its nominee(s)) for the sale and purchase of the Sale Interest
"Director(s)"	the director(s) of the Company
"Enlarged Group"	the Group as enlarged by the Target Company upon Completion
"Group"	the Company and its subsidiaries
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Independent Third Party(ies)"	any person or company and their respective ultimate beneficial owner(s), to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, are not connected persons of the Company and are third parties independent of the Company and its connected persons in accordance with the Listing Rules

"Latest Practicable Date"	15 March 2018, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Long Stop Date"	29 March 2018 or such other date as the parties to the Sale and Purchase Agreement may agree in writing
"MOU"	the non-legally binding memorandum of understanding dated 5 September 2017 entered into between the Purchaser and the Vendor setting out the preliminary understanding in relation to the Acquisition
"PRC"	the People's Republic of China, which for the purpose of this circular, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
''Profit Guarantee''	collectively, the 2018 Profit Guarantee and the 2019 Profit Guarantee
"Purchaser"	Synergy Rise Investment Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company
"Sale and Purchase Agreement"	the conditional sale and purchase agreement dated 19 September 2017 (as supplemented by the supplemental agreement dated 29 December 2017) and entered into between the Purchaser and the Vendor in respect of the Acquisition
"Sale Interest"	the 55% equity interest in the Target Company as at the date of the Sale and Purchase Agreement
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"Share(s)"	ordinary share(s) of HK$0.002 each in the share capital of the Company

"Shareholder(s)"	holder(s) of the issued Share(s)
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Target Company"	Jiangyin Grabene Graphene Photocatalytic Technology Co., Ltd.* (江陰嘉潤石墨烯光催化技術有限公司), a company established in the PRC with limited liability
"Vendor"	Jiangsu Longjia Investment Co., Ltd.* (江蘇龍佳投資有限公司), a company established in the PRC with limited liability
"HK$"	Hong Kong dollar(s), the lawful currency of Hong Kong
"RMB"	Renminbi, the lawful currency of the PRC
"%"	per cent.

** The English translation of Chinese names or words in this circular, where indicated, is included for information purpose only, and should not be regarded as the official English translation of such Chinese names and words.*

In this circular, translation of RMB into HK$ based on the exchange rate of RMB1.00 to HK$1.1875. Such exchange rate is for the purpose of illustration only and does not constitute a representation that any amounts in Hong Kong dollars or Renminbi have been, could have been or may be converted at such or any other rate or at all.

YAT SING HOLDINGS LIMITED
日成控股有限公司

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 3708)

Executive Directors:
Mr. Dai Jian *(Chairman and Chief Executive Officer)*
Mr. Dai Ming

Independent non-executive Directors:
Mr. Chan Foon
Mr. Guo Biao
Ms. Song Dan

Registered office:
Clifton House
75 Fort Street
PO Box 1350
Grand Cayman
KY1-1108
Cayman Islands

Headquarter and principal place of business in Hong Kong:
Room 1402, 14th Floor
China Resources Building
26 Harbour Road
Wanchai, Hong Kong

19 March 2018

To the Shareholders

Dear Sir or Madam,

MAJOR TRANSACTION IN RELATION TO THE ACQUISITION OF 55% EQUITY INTEREST IN THE TARGET COMPANY

INTRODUCTION

References are made to the announcements of the Company dated 5 September 2017, 19 September 2017, 12 October 2017, 26 October 2017, 17 November 2017, 24 November 2017, 29 December 2017 and 15 January 2018, in relation to, amongst others, the Acquisition and the transactions contemplated thereunder.

On 19 September 2017 (after trading hours), the Purchaser, an indirect wholly-owned subsidiary of the Company, and the Vendor entered into the Sale and Purchase Agreement, pursuant to which the Purchaser conditionally agreed to purchase and the Vendor conditionally agreed to sell the Sale Interest for a total cash consideration of RMB35,750,000 (equivalent to approximately HK$42,453,125).

The purpose of this circular is to provide you with, among other things, (i) further details of the Acquisition and the transactions contemplated thereunder; (ii) the financial information of the Target Company; (iii) the unaudited pro forma financial information of the Enlarged Group upon Completion; (iv) the valuation report of the property of the Target Company; and (v) general information of the Company.

THE SALE AND PURCHASE AGREEMENT

The principal terms of the Sale and Purchase Agreement are as follows:

Date: 19 September 2017 (as supplemented by the supplemental agreement dated 29 December 2017)

Parties:

(1) Vendor: Jiangsu Longjia Investment Co., Ltd.* (江蘇龍佳投資有限公司)

(2) Purchaser: Synergy Rise Investment Limited

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

Assets to be acquired

Pursuant to the Sale and Purchase Agreement, the Purchaser conditionally agreed to purchase and the Vendor conditionally agreed to sell the Sale Interest, representing 55% equity interest in the Target Company.

Consideration

The total Consideration for the Acquisition is RMB35,750,000 (equivalent to approximately HK$42,453,125), which shall be payable by the Purchaser (or its nominee(s)) to the Vendor (or its nominee(s)) in cash on Completion.

The Consideration was arrived at after arm's length negotiations between the Purchaser and the Vendor taking into account, amongst others, (i) the amount of paid-up capital of the Target Company; (ii) the Profit Guarantee; (iii) future business prospects of the Target Company; and (iv) the benefits to be derived by the Group from the Acquisition as described under the paragraph headed "Reasons for and benefits of the Acquisition" below.

The Consideration will be financed by internal resources of the Group.

Conditions precedent

Completion of the Sale and Purchase Agreement is subject to and conditional upon, the fulfilment or waiver of, the following conditions precedent:

(1) the Purchaser being satisfied with the results of the due diligence review to be conducted on the Target Company (including but not limited to finance and legal aspects);

(2) all necessary consents approvals, permits and authorisations required to be obtained pursuant to any laws, regulations, the Listing Rules or other regulations on the part of the Vendor, in respect of the transactions contemplated under the Sale and Purchase Agreement having been obtained;

(3) all necessary consents approvals, permits and authorisations required to be obtained pursuant to any laws, regulations, the Listing Rules or other regulations on the part of the Purchaser and the Company, in respect of the transactions contemplated under the Sale and Purchase Agreement having been obtained;

(4) the representations and warranties made by the Vendor remaining true, accurate and not misleading in all respects;

(5) the articles of association of the Target Company having been amended pursuant to the Sale and Purchase Agreement; and the registration of the transfer of the Sale Interest with the relevant industrial and commercial authorities of the PRC (including but not limited to, the Target Company having been amended to a sino-foreign equity joint venture) having been completed;

(6) the obtaining of the legal opinion issued by a firm of PRC lawyers acceptable to the Purchaser covering such matters of the PRC laws relevant to the transactions contemplated under the Sale and Purchase Agreement in such form and substance to the satisfaction of the Purchaser;

(7) the Vendor having obtained the confirmation of waiver of the first right of refusal with respect to the Acquisition from other shareholder(s) of the Target Company, if any; and

(8) the passing of the necessary ordinary resolution(s) by the Shareholders at the extraordinary general meeting of the Company to be convened and held or by written approval of the majority of the Shareholders to approve the Sale and Purchase Agreement and the transactions contemplated thereunder, in accordance with the Listing Rules or applicable laws and regulations.

Save for conditions (1) and (4) which the Purchaser shall have the right to waive by notice in writing to the Vendor, all other conditions precedent above cannot be waived.

As at the Latest Practicable Date, save for condition (8) has been fulfilled, none of the above conditions precedent had been fulfilled.

If any of the above conditions precedent is not fulfilled or waived (as the case may be) on or before the Long Stop Date (or such later date as the parties to the Sale and Purchase Agreement may agree in writing), the Sale and Purchase Agreement shall terminate. In any event, neither party shall have any obligations and liabilities to each other save for any antecedent breaches of the terms in the Sale and Purchase Agreement.

Profit Guarantee

The Vendor has irrevocably warranted and undertaken that the 2018 Actual Profit shall be not less than RMB10,000,000 (equivalent to approximately HK$11,875,000) and the 2019 Actual Profits shall be not less than RMB12,000,000 (equivalent to approximately HK$14,250,000).

As security for the performance of the obligations of the Vendor under the Profit Guarantee, the Vendor shall pay a sum in the aggregate amount of RMB12,000,000 (equivalent to approximately HK$14,250,000) to the Purchaser on the Completion Date, comprising:

(a) RMB6,000,000 (equivalent to approximately HK$7,125,000) as security deposit for the fulfilment of the 2018 Profit Guarantee; and

(b) the remaining RMB6,000,000 (equivalent to approximately HK$7,125,000) as security deposit for the fulfilment of the 2019 Profit Guarantee.

The Target Company shall appoint and procure an auditor to certify the audited consolidated financial statements and the after-tax net profit of the Target Company for each of the two years ending 31 December 2018 and 2019 within three months after the end of the respective financial years.

In the event that the 2018 Actual Profits as shown in the 2018 Certificate of Profits is equal to or more than the 2018 Profit Guarantee, the Purchaser shall return the 2018 PG Security Deposit to the Vendor accordingly. In the event that the 2018 Actual Profits as shown in the 2018 Certificate of Profits is less than the 2018 Profit Guarantee, the Purchaser shall have the right to deduct the 2018 Deductible Amount from the 2018 PG Security Deposit.

The 2018 PG Security Deposit shall be returned to the Vendor within five Business Days (or such later date as the parties to the Sale and Purchase Agreement may agree in writing) after the receipt of the 2018 Certificate of Profits. If the 2018 Deductible Amount is equal to or more than RMB6,000,000, the 2018 PG Security Deposit shall be forfeited by the Purchaser as full and final compensation for the 2018 Profit Guarantee.

In the event that the 2019 Actual Profits as shown in the 2019 Certificate of Profits is equal to or more than the 2019 Profit Guarantee, the Purchaser shall return the 2019 PG Security Deposit to the Vendor accordingly. In the event that the 2019 Actual Profits as shown in the 2019 Certificate of Profits is less than the 2019 Profit Guarantee, the Purchaser shall have the right to deduct the 2019 Deductible Amount from the 2019 PG Security Deposit.

The 2019 PG Security Deposit shall be returned to the Vendor within five Business Days (or such later date as the parties to the Sale and Purchase Agreement may agree in writing) after the receipt of the 2019 Certificate of Profits. If the 2019 Deductible Amount is equal to or more than RMB6,000,000, the 2019 PG Security Deposit shall be forfeited by the Purchaser as full and final compensation for the 2019 Profit Guarantee.

For the avoidance of doubt, if the 2018 Deductible Amount or the 2019 Deductible Amount records a negative value, no additional consideration will be payable to the Vendor.

Completion

Completion shall take place within three Business Days following the date on which the last of the conditions precedent to the Sale and Purchase Agreement being fulfilled or waived (as the case may be) or such other date as the parties to the Sale and Purchase Agreement may agree in writing.

Upon Completion, the Target Company will be accounted as an indirect non wholly-owned subsidiary of the Company and the financial results of the Target Company will be consolidated into the Group’s accounts.

INFORMATION ON THE TARGET COMPANY

The Target Company is a company established in the PRC with limited liability. The Target Company is principally engaged in, amongst other things, research and development, manufacturing, processing, sales, technical advisory and services of visible light photocatalysis products.

Financial information of the Target Company

Set out below is a summary of the audited financial information of the Target Company for the period from 20 October 2016 (being the date of incorporation) to 31 December 2016 and the eleven months ended 30 November 2017 prepared in accordance with the Hong Kong Financial Reporting Standards:

	For the period from the date of incorporation to 31 December 2016	**For the eleven months ended 30 November 2017**
	(RMB'000)	*(RMB'000)*
Revenue	–	15,801
Loss before tax	635	6,190
Loss after tax	635	6,190

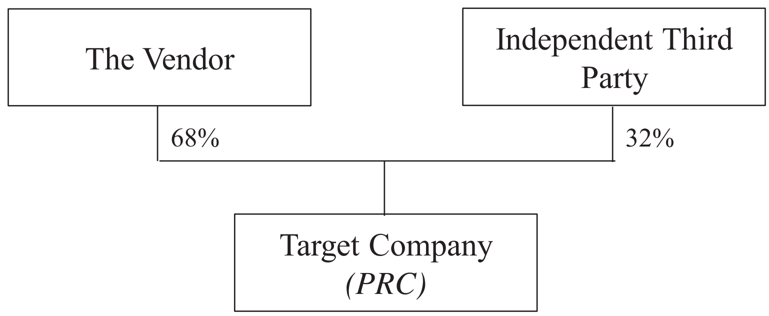
The audited net assets of the Target Company as at 30 November 2017 was approximately RMB42 million.

The Target Company holds property located at No. 98 Zhuhuang Road, Zhutang Town, Jiangyin City, Wuxi City, Jiangsu Province, the PRC. The Target Company had prepaid lease payments of RMB28,387,000 for the land use rights of the captioned property and recorded RMB31,587,000 as the carrying value of the building, details of which are stated in the statements of financial position and note 13 of Appendix IIA to this circular. The difference between (i) the above prepaid lease payment and the carrying value of the building; and (ii) the valuation value as stated in Appendix IV represented the adjustments of HK$7,707,000 (equivalent to approximately RMB6,526,000) for the fair value on the identifiable assets of the Target Company, details of which are set out in note 4 (page III-5) of Appendix III to this circular.

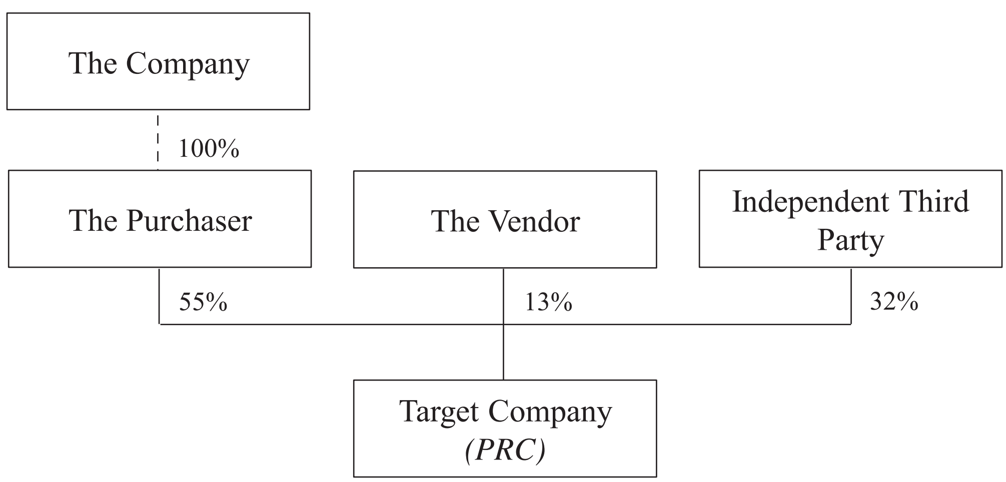
The Target Company had advanced a loan of RMB47,055,000 to the Vendor during the period from 1 January 2017 to 30 November 2017. The said loan had been fully repaid on 22 December 2017. As at the Latest Practicable Date, the Target Company had not made any loan to the Vendor. If the Enlarged Group advances any loan to the Vendor, the Company will comply with Chapter 14A of the Listing Rules.

Shareholding structure of the Target Company before and after Completion

Set out below is the shareholding structure of the Target Company before Completion:



Set out below is the shareholding structure of the Target Company after Completion:



INFORMATION ON THE PURCHASER AND THE VENDOR

The Purchaser

The Purchaser is a company incorporated in Hong Kong with limited liability, and an indirect wholly-owned subsidiary of the Company. The Purchaser is an investment holding company.

The Vendor

The Vendor is a company established in the PRC with limited liability. The Vendor is principally engaged in project investments. As at the Latest Practicable Date, the Vendor is owned as to 60% by Mr. Kong Lingfu* (孔令福) and as to 40% by Mr. Kong Zhiliang* (孔志良), both being Independent Third Parties.

Mr. Dai Jian ("**Mr. Dai**"), an executive Director, Mr. Dai Jialong, a former executive Director and the father of Mr. Dai, and the Vendor are fellows of same village. Mr. Dai and Mr. Dai Jialong introduced the Vendor to the Company in 2016. The Board has conducted site visit(s) to the Target Company and is of the view that the graphene industry is having a good prospect. The Board believes that the Acquisition could provide an opportunity for the Company to invest in the graphene technology and would enable the Group to submit tenders for relevant projects incorporating the graphene technology in the future. Hence, the Board considers that the Acquisition is in the interest of the Company and the Shareholders as a whole.

Mr. Dai had previously provided a short-term bridging loan to the Target Company in 2016. Save as disclosed, to the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, the Vendor and its ultimate beneficial owner are Independent Third Parties, and do not have any previous relationship (business or otherwise) with Smart Paradise International Limited or its ultimate beneficial owners.

INFORMATION ON THE GROUP

The Group is a building maintenance and renovation service provider in Hong Kong.

Building maintenance services

As at 31 December 2017, the Group had 7 building maintenance contracts on hand (including contracts in progress and contracts which are yet to commence) with an aggregate notional or estimated contract value of approximately HK$970.4 million. As at 30 June 2017, the Group had 7 building maintenance contracts on hand with an aggregate notional or estimated contract value of approximately HK$640.5 million.

For the six months ended 31 December 2017, the Group was awarded 2 contracts with an aggregate notional or estimated contract value of approximately HK$332.1 million.

Renovation services

As at 31 December 2017, the Group had 14 renovation contracts on hand (including contracts in progress and contracts which are yet to commence) with an aggregate notional or estimated contract value of approximately HK$96.0 million. As at 30 June 2017, the Group had 9 renovation contracts on hand with an aggregate notional or estimated contract value of approximately HK$138.9 million.

For the six months ended 31 December 2017, the Group was awarded 5 contracts with an aggregate notional or estimated contract value of approximately HK$28.9 million.

Future development

The Group will focus on identifying opportunities for building maintenance projects, especially in the public sector, being the core business of the Group. With the increasing demand for building refurbishment services in Hong Kong, the Group is confident in attaining new renovation service projects from the private sector.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Company is an investment holding company. The Group is principally engaged in the provision of building maintenance services and renovation services in Hong Kong.

As stated in the composite offer and response document of the Company dated 23 December 2016, Smart Paradise International Limited, the controlling shareholder of the Company, will conduct a review on the financial position and the operations of the Company and will formulate long-term business plans and strategies of the Company, explore other business opportunities and consider whether any asset disposals, asset acquisition, business rationalisation, business divestment, fund raising, restructuring of the business and/or business diversification will be appropriate in order to enhance the long-term growth potential of the Company.

Mr. Kong Lingfu* (孔令福, "**Mr. Kong**") is the legal representative of the Target Company, the general manager of each of the Target Company and the Vendor. Mr. Kong has over 20 years of experience in the research and development, large scale production and sales of nano-materials and graphene.

Mr. Kong has created a unique non-liquid functional stripping process for two-dimensional materials* (二維材料獨特的非液相功能性剝分工藝) to achieve the industrial production of high-quality graphene sheets. He was also invited to provide advice on the establishment of the country's "nano-technology application laboratory* (納米技術應用實驗室)", which aims to the develop the commercial use of graphene.

Graphene is a two-dimensional sheet of carbon atom arranged in the form of a honeycomb lattice. It is thin and ultra-light, yet immensely tough and incredibly flexible.

The Target Company is principally engaged in, amongst other things, research and development, manufacturing, processing, sales, technical advisory and services of visible light photocatalysis products, particularly for the making of the light-weight, energy-efficient and environmentally friendly air and/or water filters. The visible light photocatalysis products and the graphene photocatalytic technology can be applied in the engineering projects, including but not limited to, environmental air and/or water purification in sewage plants, factories building and residential building construction, etc., so as to prevent air and/or water pollution. Therefore, the Board is of the view that the Company could utilise the expertise of the Target Company in the graphene technology to create synergy effect with the building maintenance and renovation services provided by the Company. This synergy effect bring about by the Acquisition would allow the Company to provide more environmentally friendly services.

The Board considers the Acquisition could provide an opportunity for the Company to invest in the graphene photocatalytic technology and would enable the Group to submit tenders for the relevant engineering projects and therefore it is in the interest of the Company and the Shareholders as a whole.

The Board is of the view that the terms of the Acquisition are fair and reasonable and the Acquisition is in the interests of the Company and the Shareholders as a whole.

The Company intends to operate its existing businesses in its current scale, and the Directors will continue to review the Group's existing businesses from time to time. Nevertheless, the Company has not entered, or proposes to enter, into any agreement, arrangement, understanding or undertaking, whether formal or informal and whether express or implied, and any negotiation (whether concluded or not) with an intention to dispose of, downsize of or terminate the existing businesses of the Company.

FINANCIAL EFFECTS OF THE ACQUISITION ON EARNINGS, ASSETS AND LIABILITIES OF THE GROUP

Upon Completion, the Target Company will become a 55% indirect non wholly-owned subsidiary of the Company and the financial results of the Target Company will be consolidated into the consolidated financial statements of the Group in accordance with the Group's accounting policies.

Effect on assets and liabilities

Based on the unaudited consolidated financial statements of the Group as at 31 December 2017, the net asset value of the Group was amounted to approximately HK$172 million. Based on the unaudited pro forma combined statement of assets and liabilities of the Enlarged Group as if the Acquisition had been completed on 31 December 2017 as set out in Appendix III to the circular, the total asset of the Group would be increased by approximately HK$124 million to approximately HK$412 million. Total liabilities of the Group would also be increased by approximately HK$102 million to approximately HK$217 million. Accordingly, the unaudited net asset value of the Group will be increased by approximately HK$23 to approximately HK$195 million.

Effect on earnings

The Target Company recorded a loss after taxation of approximately RMB635,000 and RMB6,190,000 for the period from 20 October 2016 (being the date of incorporation) to 31 December 2016 and for the eleven months ended 30 November 2017, respectively.

LISTING RULES IMPLICATION

As one or more of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Acquisition is more than 25% but less than 100%, the Acquisition constitutes a major transaction on the part of the Company, and is subject to the reporting, announcement and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

Pursuant to Rule 14.44 of the Listing Rules, Shareholders' approval for the Acquisition may be obtained by way of written Shareholders' approval in lieu of holding a general meeting if (i) no Shareholder is required to abstain from voting if the Company were to convene a general meeting for the approval of the Acquisition; and (ii) written approval has been obtained from a Shareholder or a closely allied group of the Shareholders who together hold more than 50% in nominal value of the issued share capital of the Company giving the right to attend and vote at that general meeting to approve the Acquisition.

The Directors confirm that, to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Vendor and its ultimate beneficial owner(s) are Independent Third Parties, and no Shareholder is required to abstain from voting on the resolution(s) approving the Sale and Purchase Agreement and the transactions contemplated thereunder if the Company were to convene a general meeting for the approval of the Acquisition.

Since no shareholder is required to abstain from voting if the Company were to convene a general meeting for approving the Sale and Purchase Agreement and the transactions contemplated thereunder, pursuant to Rule 14.44 of the Listing Rules, the Company has obtained written approvals dated 19 September 2017 and 29 December 2017 for the approval of the Sale and Purchase Agreement and the transactions contemplated thereunder from Smart Paradise International Limited, being the Shareholder which held approximately 53.55% of the issued share capital of the Company, carrying rights to vote at a general meeting. Therefore, no general meeting of the Company will be convened to approve the Sale and Purchase Agreement and the transactions contemplated thereunder.

FURTHER INFORMATION

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

As Completion is subject to and conditional upon fulfilment or waiver (where applicable) of the conditions precedent set out in the Sale and Purchase Agreement, the Acquisition and the transactions contemplated thereunder may or may not materialise. Shareholders and potential investors of the Company are advised to exercise caution when dealing in securities of the Company.

Yours faithfully,
For and on behalf of the Board
Yat Sing Holdings Limited
Dai Jian
Chairman

1. FINANCIAL INFORMATION

Financial information of the Group for the three years ended 30 June 2015 and 2016 and 2017, and the six months ended 31 December 2017 are disclosed in the following documents which have been published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.yat-sing.com.hk):

- annual report of the Company for the year ended 30 June 2015 published on 16 October 2015 (pages 39 to 93):

  http://www.hkexnews.hk/listedco/listconews/SEHK/2015/1016/LTN20151016474.pdf

- annual report of the Company for the year ended 30 June 2016 published on 5 October 2016 (pages 41 to 99)

  http://www.hkexnews.hk/listedco/listconews/SEHK/2016/1005/LTN20161005696.pdf

- annual report of the Company for the year ended 30 June 2017 published on 23 October 2017 (pages 58 to 111)

  http://www.hkexnews.hk/listedco/listconews/SEHK/2017/1023/LTN20171023385.pdf

- interim report of the Company for the six months ended 31 December 2017 published on 9 March 2018 (pages 11 to 24)

  http://www.hkexnews.hk/listedco/listconews/SEHK/2018/0309/LTN20180309600.pdf

2. STATEMENT OF INDEBTEDNESS

1. Finance lease obligations

As at 31 January 2018, being the latest practicable date for the purpose of the indebtedness statement in this Circular, the Enlarged Group had the following finance leases:

	Obligation under finance leases *HK$* *(note)*
Carrying amount repayable within one year	1,607,002
Carrying amount repayable over 1 year	687,134
	2,294,136

Note:

The net book value of pledged motor vehicles of the Enlarged Group held under finance leases amounted to approximately HK$3.4 million. The weighted average effective interest rate of the obligation under finance lease as at 31 January 2018 was 1.27% per annum.

2. Secured bank borrowings

The Enlarged Group had outstanding bank loans of HK$12,192,824 secured by the Enlarged Group's bank deposits of HK$3,710,000 and guaranteed by the Company, and RMB70,000,000 (represented approximately HK$82,670,000) guaranteed by a related party of the Target Company respectively.

3. Unsecured other borrowing

The Enlarged Group had outstanding unsecured other borrowing of HK$10,000,000 advanced from a former related company of the Enlarged Group.

4. Contingent liabilities

As at 31 January 2018, the Enlarged Group had the following contingent liabilities:

(a) Contingent liabilities in respect of legal claims

One of the subsidiaries of the Enlarged Group is defendant in a number of claims, lawsuits and potential claims relating to employees' compensation cases and personal injuries claims. The Directors considered that the possibility of any outflow in settling the legal claims was remote as these claims were well covered by insurance and subcontractors' indemnity. Accordingly, no provision for the contingent liabilities in respect of the litigations is necessary, after due consideration of each case and with reference to the legal opinion.

(b) Guarantee issued

As at 31 January 2018, HK$7,408,000 of performance bonds were given by a bank in favour of some of the Enlarged Group's customers as security for the due performance and observance of the Enlarged Group's obligations under the service contracts entered into between the Enlarged Group and its customers. If the Enlarged Group fails to provide satisfactory performance to its customers to whom performance bonds have been given, such customers may demand the bank to pay to them the sum or sums stipulated in such demand. The Enlarged Group will then become liable to compensate such banks accordingly. The performance bonds will be released upon completion of the contract work for the relevant customers.

Save as aforesaid or as otherwise disclosed herein, and apart from intra-group liabilities, at the close of business on 31 January 2018, the Enlarged Group did not have any debt securities issued and outstanding, and authorised or otherwise created but unissued, and term loans (secured, unsecured, guaranteed or not), bank overdrafts, loans or other similar indebtedness, liabilities under acceptance (other than normal trade bills), acceptable credits, hire purchase commitments, mortgages, charges, guarantees or other material contingent liabilities.

The Directors confirmed that there has been no material adverse change in the indebtedness and contingent liabilities of the Enlarged Group since 31 January 2018, being the latest practicable date for determining Enlarged Group's indebtedness up to the date of this circular.

3. WORKING CAPITAL STATEMENT

As at the Latest Practicable Date, the Directors are of the opinion that, in the absence of unforeseeable circumstances and after taking into account the Enlarged Group's financial resources, including internally generated funds and presently available credit facilities, the Enlarged Group has sufficient working capital for its present requirements for the next 12 months from the date of this circular.

4. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors are not aware of any material adverse change in the financial position or trading position of the Group since 30 June 2017 being the date to which the latest published audited financial statements of the Group was made up.

5. FINANCIAL AND TRADING PROSPECTS OF THE ENLARGED GROUP

The Company is an investment holding company. The Group is principally engaged in the provision of building maintenance services and renovation services in Hong Kong.

The provision of building maintenance services and renovation services in Hong Kong will remain the main focus of the Group. Looking forward, with continuous spending on infrastructure and residential building works by public sector, the Group is expecting stable growth in the building and maintenance and renovation contracting services industry in Hong Kong, on which the Group keeps the business focus. Riding on the operating resources and experience, the Group believes that the Group can continue to maintain the competitive edge in the industry to capture the market share for building maintenance and renovation contracting services in Hong Kong.

The Board will formulate long-term business plans and strategies of the Company, explore other business opportunities and consider whether any asset disposals, asset acquisition, business rationalization, business divestment, fund raising, restructuring of the business and/or business diversification will be appropriate in order to enhance the long-term growth potential of the Company.

The Acquisition represents a potential business opportunity in graphene photocatalytic technology. As disclosed in the section headed "Letter from the Board – Reasons for and benefits of the Acquisition" in this circular, the Directors consider that the Acquisition is to the benefit of the Group and the Shareholders as a whole as it could enable the Enlarged Group to submit tenders for the relevant engineering projects and therefore, provide stable and additional revenue stream in the future. In addition, the Vendor has irrevocably warranted and undertaken that the after-tax net profit of the Target Company for the years ending 31 December 2018 and 31 December 2019 shall be not less than RMB10 million and RMB12 million, respectively. The Profit Guarantee represents an indication of confidence of the future prospect of the business of the Target Company.

The following is the text of report, prepared for the sole purpose of inclusion in this circular, from the independent reporting accountants, SHINEWING (HK) CPA Limited, Certified Public Accountants, Hong Kong.

SHINEWING (HK) CPA Limited
43/F., Lee Garden One
33 Hysan Avenue
Causeway Bay, Hong Kong

ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF YAT SING HOLDINGS LIMITED

INTRODUCTION

We report on the historical financial information of Jiangyin Grabene Graphene Photocatalytic Technology Co., Ltd. (江陰嘉潤石墨烯光催化技術有限公司) (the "Target Company") set out on pages IIA-5 to IIA-36, which comprises the statements of financial position as at 31 December 2016 and 30 November 2017, and the statements of profit or loss and other comprehensive income, the statements of changes in equity and the statements of cash flows for period from 20 October 2016 (date of establishment) to 31 December 2016 and period ended 30 November 2017 (the "Relevant Periods") and a summary of significant accounting policies and other explanatory information (together, the "Historical Financial Information"). The Historical Financial Information set out on pages IIA-5 to IIA-36 forms an integral part of this report, which has been prepared for inclusion in the circular of Yat Sing Holdings Limited (the "Company") dated 19 March 2018 (the "Circular") in connection with the acquisition of 55% equity interest of the Target Company (the "Acquisition") by a subsidiary of the Company.

DIRECTOR OF THE TARGET COMPANY'S RESPONSIBILITIES FOR HISTORICAL FINANCIAL INFORMATION

The director of the Target Company (the "Target's Director") is responsible for the preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in note 1 to the Historical Financial Information and for such internal control as the Target's Director determines is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

REPORTING ACCOUNTANTS' RESPONSIBILITY

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 "Accountants' Report on Historical Financial Information in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in note 1 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Target's Director, as well as evaluating the overall presentation of the Historical Financial Information.

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

OPINION

In our opinion, the Historical Financial Information gives, for the purposes of the accountants' report, a true and fair view of the financial position of the Target Company as at 31 December 2016 and 30 November 2017 and of the financial performance and cash flows of the Target Company for the Relevant Periods in accordance with the basis of preparation and presentation set out in note 1 to the Historical Financial Information.

REVIEW OF STUB PERIOD COMPARATIVE FINANCIAL INFORMATION

We have reviewed the stub period comparative financial information of the Target Company which comprises the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the period ended 30 November 2016 and other explanatory information (the "Stub Period Comparative Financial Information"). The Target's Director is responsible for the preparation and presentation of the Stub Period Comparative Financial Information in accordance with the basis of preparation and presentation set out in the Historical Financial Information. Our responsibility is to express a conclusion on the Stub Period Comparative Financial Information based on our review. We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Based on our review, nothing has come to our attention that causes us to believe that the Stub Period Comparative Financial Information, for the purposes of the accountants' report, is not prepared, in all material respects, in accordance with the basis of preparation and presentation set out in the Historical Financial Information.

MATERIAL UNCERTAINTY RELATING TO GOING CONCERN

We draw attention to note 1 to the Historical Financial Information regarding the adoption of going concern basis on which the Historical Financial Information has been prepared. As at 30 November 2017, the Target Company had sustained net current liabilities of approximately RMB18,409,000. The conditions set out in note 1 indicate the existence of a material uncertainty which may cast significant doubt on the ability of the Target Company to continue as a going concern. The Historical Financial Information does not include any adjustments that would result from a failure to obtain the funding as referred to in note 1 to meet in full the financial obligations of the Target Company for the foreseeable future. Our opinion is not modified in respect of this matter.

REPORT ON MATTERS UNDER THE RULES GOVERNING THE LISTING OF SECURITIES ON THE STOCK EXCHANGE OF HONG KONG LIMITED AND THE COMPANIES (WINDNG UP AND MISCELLANEOUS PROVISIONS) ORDINANCE

ADJUSTMENTS

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page IIA-5 have been made.

DIVIDENDS

We refer to note 11 to the Historical Financial Information which states that no dividends have been paid by the Target Company during the Relevant Periods.

SHINEWING (HK) CPA Limited
Certified Public Accountants
Wong Hon Kei, Anthony
Practising Certificate Number: P05591

Hong Kong
19 March 2018

I. HISTORICAL FINANCIAL INFORMATION OF THE TARGET COMPANY

Preparation of Historical Financial Information

Set out below is the Historical Financial Information which forms an integral part of this accountants' report.

For the purpose of this report, the Target's Director has prepared the financial statements of the Target Company for the Relevant Periods in accordance with the accounting policies which conform with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") (the "Underlying Financial Statements") and were audited by us in accordance with Hong Kong Standards on Auditing issued by the HKICPA.

The Historical Financial Information is presented in Renminbi ("RMB") and all values are rounded to the nearest thousand (RMB'000) except when otherwise indicated.

(A) STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHESIVE INCOME

	Notes	From 20/10/2016 (date of establishment) to 31/12/2016 RMB'000	From 20/10/2016 (date of establishment) to 30/11/2016 RMB'000 (unaudited)	From 1/1/2017 to 30/11/2017 RMB'000
Revenue	7	–	–	15,801
Cost of sales		–	–	(9,801)
Gross profit		–	–	6,000
Other income	8	10	–	484
Administrative expenses		(99)	(1)	(4,423)
Other operating expenses		(546)	–	(4,491)
Finance cost	9	–	–	(3,760)
Loss before tax		(635)	(1)	(6,190)
Income tax expense	10	–	–	–
Loss and total comprehensive expenses for the period	12	(635)	(1)	(6,190)

(B) STATEMENTS OF FINANCIAL POSITION

	Notes	31 December 2016 RMB'000	30 November 2017 RMB'000
Non-current assets			
Property, plant and equipment	13	–	32,948
Prepaid lease payments	14	–	27,621
Deposits paid for acquisition of property, plant and equipment and land use right		57,168	15
		57,168	60,584
Current assets			
Inventories	15	–	255
Prepaid lease payments	14	–	766
Loan and interest receivables	16	–	47,055
Trade and other receivables	17	145	5,793
Bank balances and cash	18	1,278	191
		1,423	54,060
Current liabilities			
Other payables	19	226	2,469
Amount due to an equity holder	20	10,000	–
Bank borrowing	21	–	70,000
		10,226	72,469
Net current liabilities		(8,803)	(18,409)
		48,365	42,175
Capital and reserve			
Paid-up capital	22	49,000	49,000
Accumulated losses		(635)	(6,825)
		48,365	42,175

(C) STATEMENTS OF CHANGES IN EQUITY

	Paid-up capital	Accumulated losses	Total
	RMB'000	*RMB'000*	*RMB'000*
At 20 October 2016 (date of establishment)	–	–	–
Capital contributed	49,000	–	49,000
Loss and total comprehensive expenses for the period	–	(635)	(635)
At 31 December 2016 and 1 January 2017	49,000	(635)	48,365
Loss and total comprehensive expenses for the period	–	(6,190)	(6,190)
At 30 November 2017	49,000	(6,825)	42,175
At 20 October 2016 (date of establishment)	–	–	–
Capital contributed	30,000	–	30,000
Loss and total comprehensive expenses for the period	–	(1)	(1)
At 30 November 2016 (unaudited)	30,000	(1)	29,999

(D) STATEMENTS OF CASH FLOWS

	From 20/10/2016 (date of establishment) to 31/12/2016	From 20/10/2016 (date of establishment) to 30/11/2016	From 1/1/2017 to 30/11/2017
	RMB'000	*RMB'000* (unaudited)	*RMB'000*
OPERATING ACTIVITIES			
Loss before tax	(635)	(1)	(6,190)
Adjustments for:			
Bank interest income	(10)	–	(71)
Loan interest income	–	–	(255)
Depreciation of property, plant and equipment	–	–	519
Loss on disposal of property, plant and equipment	–	–	150
Amortisation of prepaid lease payments	–	–	383
Finance cost	–	–	3,760
Operating cash flows before movements in working capital	(645)	(1)	(1,704)
Increase in inventories	–	–	(255)
Increase in trade and other receivables	(145)	–	(5,648)
Increase in other payables	226	–	697
NET CASH USED IN OPERATING ACTIVITIES	(564)	(1)	(6,910)
INVESTING ACTIVITIES			
Loans advance to an equity holder	–	–	(57,000)
Purchase of property, plant and equipment and prepaid lease payments	–	–	(11,799)
Deposits paid for acquisition of property, plant and equipment	(28,752)	–	(15)
Deposits paid for acquisition of land use right	(28,416)	–	–
Repayment from an equity holder	–	–	10,000
Proceeds on disposal of property, plant and equipment	–	–	8,126
Interest received	10	–	271
NET CASH USED IN INVESTING ACTIVITIES	(57,158)	–	(50,417)

	From 20/10/2016 (date of establishment) to 31/12/2016	From 20/10/2016 (date of establishment) to 30/11/2016	From 1/1/2017 to 30/11/2017
	RMB'000	*RMB'000*	*RMB'000*
		(unaudited)	
FINANCING ACTIVITIES			
Capital contributed	49,000	30,000	–
Advance from an equity holder	10,000	–	–
Repayment to an equity holder	–	–	(10,000)
Interest paid	–	–	(3,760)
New bank loan raised	–	–	70,000
NET CASH FROM FINANCING ACTIVITIES	59,000	30,000	56,240
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,278	29,999	(1,087)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	–	–	1,278
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD, represented by bank balances and cash	1,278	29,999	191

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION OF THE TARGET COMPANY

1. GENERAL, BASIS OF PREPARATION AND PRESENTATION OF HISTORICAL FINANCIAL INFORMATION

The Target Company was established with limited liability in the People's Republic of China (the "PRC") on 20 October 2016. The address of the registered office and principal place of business of the Target Company is No.98, Zhuhuang Road, Zhutang Town, Jiangyin City, Jiangsu Province, Wuxi. The immediate and ultimate holding company is Jiangsu Longjia Investment Co., Ltd. ("Jiangsu Longjia") which was incorporated in the PRC.

The Target Company is principally engaged in research and development, manufacturing, processing, sales, technical advisory and serves of visible light photocatalysis products.

The Historical Financial Information is presented in Renminbi ("RMB"), which is the same as the functional currency of the Target Company.

The Target Company had net current liabilities of approximately RMB18,409,000 as at 30 November 2017. The Target's Director is of the opinion that the Target Company will have adequate funds for its operations as the equity holder of the Target Company, Jiangsu Longjia, agreed to provide continual financial support to the Target Company up to it ceasing as major equity holder and the Company also agreed to provide continual financial support and adequate funds to the Target Company for its operations as and when they fall due upon the Company becomes the controlling equity holder of the Target Company.

In February 2018, the Target Company raised new bank borrowings of RMB70,000,000 which are repayable in February 2019 and the bank borrowing of RMB70,000,000 as at 30 November 2017 was repaid. The Target's Director considers that the Target Company will be able to finance its future working capital and to fulfill its financial obligations when they fall due.

Accordingly, the Target's Director is of the opinion that it is appropriate to prepare the Historical Financial Information on a going concern basis.

2. APPLICATION OF HKFRSs

For the purpose of preparing and presenting the Historical Financial Information for the Relevant Periods, the Target Company has consistently adopted all the HKFRSs, which include HKFRSs, Hong Kong Accounting Standards ("HKASs"), amendments and interpretations ("Int(s)") issued by the HKICPA which are for the financial period beginning on 1 January 2017 and throughout the Relevant Periods.

New and revised HKFRSs issued but not yet effective

The Target Company has not early applied the following new and revised HKFRSs that have been issued but are not yet effective:

HKFRS 9 (2014)	Financial Instruments[1]
HKFRS 15	Revenue from Contracts with Customers[1]
HKFRS 16	Leases[2]
HKFRS 17	Insurance Contracts[3]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2014 – 2016 Cycle[1]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015 – 2017 Cycle[2]
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions[1]
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts[1]
Amendments to HKFRS 9	Prepayment Features with Negative Compensation[2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]
Amendments to HKAS 28	Long-term Investments in Associates and Joint Ventures[2]
Amendments to HKAS 40	Transfers of Investment Property[1]
HK(IFRIC) – Int 22	Foreign Currency Transactions and Advance Consideration[1]
HK(IFRIC) – Int 23	Uncertainty over Income Tax Treatments[2]

1 Effective for annual periods beginning on or after 1 January 2018.

2 Effective for annual periods beginning on or after 1 January 2019.

3 Effective for annual periods beginning on or after 1 January 2021.

4 Effective date not yet been determined.

The Target's Director anticipates that, except as described below, the application of other new and revised HKFRSs will have no material impact on the results and the financial position of the Target Company.

HKFRS 9 (2014) Financial Instruments

HKFRS 9 issued in 2009 introduces new requirements for the classification and measurement of financial assets. HKFRS 9 was amended in 2010 and includes the requirements for the classification and measurement of financial liabilities and for derecognition. In 2013, HKFRS 9 was further amended to bring into effect a substantial overhaul of hedge accounting that will allow entities to better reflect their risk management activities in the financial statements. A finalised version of HKFRS 9 was issued in 2014 to incorporate all the requirements of HKFRS 9 that were issued in previous years with limited amendments to the classification and measurement by introducing a "fair value through other comprehensive income" ("FVTOCI") measurement category for certain financial assets. The finalised version of HKFRS 9 also introduces an "expected credit loss" model for impairment assessments.

Key requirements of HKFRS 9 (2014) are described as follows:

- All recognised financial assets that are within the scope of HKFRS 9 (2014) Financial Instruments: Recognition and Measurement to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent reporting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at FVTOCI. All other debt investments and equity investments are measured at their fair values at the end of subsequent reporting periods. In addition, under HKFRS 9 (2014), entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

- With regard to the measurement of financial liabilities designed as at fair value through profit or loss ("FVTPL"), HKFRS 9 (2014) requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value of financial liabilities attributable to changes in the financial liabilities' credit risk are not subsequently reclassified to profit or loss. Under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as FVTPL was presented in profit or loss.

- In the aspect of impairment assessments, the impairment requirements relating to the accounting for an entity's expected credit losses on its financial assets and commitments to extend credit were added. Those requirements eliminate the threshold that was in HKAS 39 for the recognition of credit losses. Under the impairment approach in HKFRS 9 (2014), it is no longer necessary for a credit event to have occurred before credit losses are recognised. Instead, expected credit losses and changes in those expected credit losses should always be accounted for. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition and, consequently, more timely information is provided about expected credit losses.

- HKFRS 9 (2014) introduces a new model which is more closely aligns hedge accounting with risk management activities undertaken by companies when hedging their financial and non-financial risk exposures. As a principle-based approach, HKFRS 9 (2014) looks at whether a risk component can be identified and measured and does not distinguish between financial items and non-financial items. The new model also enables an entity to use information produced internally for risk management purposes as a basis for hedge accounting. Under HKAS 39, it is necessary to exhibit eligibility and compliance with the requirements in HKAS 39 using metrics that are designed solely for accounting purposes. The new model also includes eligibility criteria but these are based on an economic assessment of the strength of the hedging relationship. This can be determined using risk management data. This should reduce the costs of implementation compared with those for HKAS 39 hedge accounting because it reduces the amount of analysis that is required to be undertaken only for accounting purposes.

HKFRS 9 (2014) will become effective for annual periods beginning on or after 1 January 2018 with early application permitted.

The Target's Director has performed a preliminary analysis of the financial instruments as at 30 November 2017 based on the fact and circumstances existing at that date. The Target's Director has assessed the impact of adoption of HKFRS 9 (2014) on the Target Company's results and financial position, including the classification categories and the measurement of financial assets, and disclosures, as follows:

(a) Classification and measurement

The Target's Director expects to continue recognising initially at fair value for all financial assets which are subsequently measured at amortised costs. The Target's Director anticipates that the adoption of HKFRS 9 (2014) will not have a material impact on the classification and measurement of the financial assets.

(b) Impairment

The Target's Director expects to apply the simplified approach and record lifetime expected credit losses that are estimated based on the present value of all cash shortfalls over the remaining life of all of its trade receivables. The application of the expected credit loss model may result in earlier recognition of credit losses for trade receivables and increase the amount of impairment allowance recognised for these items.

The Target's Director will perform a more detailed analysis which considers all reasonable and supportable information for the estimation of the effect of adoption of HKFRS 9 (2014). Based on the preliminary assessment, the Target's Director expects that the adoption of HKFRS 9 (2014) will not have other material impact on amounts reported in the Target Company's financial statements.

HKFRS 15 Revenue from Contracts with Customers

The core principle of HKFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Thus, HKFRS 15 introduces a model that applies to contracts with customers, featuring a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognised. The five steps are as follows:

(i) Identify the contract with the customer;

(ii) Identify the performance obligations in the contract;

(iii) Determine the transaction price;

(iv) Allocate the transaction price to the performance obligations; and

(v) Recognise revenue when (or as) the entity satisfies a performance obligation.

HKFRS 15 also introduces extensive qualitative and quantitative disclosure requirements which aim to enable users of the financial statements to understand the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers.

HKFRS 15 will supersede the current revenue recognition guidance including HKAS 18 Revenue, HKAS 11 Construction Contracts and the related Interpretations when it becomes effective.

HKFRS 15 will become effective for annual periods beginning on or after 1 January 2018 with early application permitted.

The major source of revenue of the Target Company is sales of goods. Under HKFRS 15, revenue is recognised for each of the performance obligations when control over a good or service is transferred to a customer. The Target's Director has preliminarily assessed each type of the performance obligations and considers that the performance obligations are similar to the current identification of separate revenue components under HKAS 18 Revenue. Furthermore, HKFRS 15 requires the transaction price to be allocated to each performance obligation on a relative stand-alone selling price basis, which may affect the timing and amounts of revenue recognition, and results in more disclosures in the financial statements. However, the Target's Director expects that the adoption of HKFRS 15 will not have a material impact on the timing and amounts of revenue recognised based on the existing business model of the Target Company as at 30 November 2017.

3. SIGNIFICANT ACCOUNTING POLICIES

The Historical Financial Information have been prepared in accordance with HKFRSs issued by the HKICPA. In addition, the Historical Financial Information includes applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance.

The Historical Financial Information has been prepared on the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

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 in the principal (or most advantageous) market at the measurement date under current market conditions (i.e. an exit price) regardless of whether that price is directly observable or estimated using another valuation technique.

The principal accounting policies are set out below.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

Revenue from the sale of goods is recognised when the goods are delivered and title has been passed, at which time all the following conditions are satisfied:

- the Target Company has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Target Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Target Company; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Target Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Leasing

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

The Target Company as lessor

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease.

Prepaid lease payments

Payment for obtaining land use rights is considered as operating lease payment. Land use rights are stated at cost less accumulated amortisation and accumulated impairment losses, if any. Amortisation is charged to statement of profit or loss and other comprehensive income over the period of the rights using the straight-line method.

Borrowing costs

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

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Retirement benefit costs

Payments to state-managed retirement benefit schemes are recognised as an expense when employees have rendered service entitling them to the contributions.

Short-term employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the period. Taxable profit differs from loss before tax as reported in the statement of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Target Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of each reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the Historical Financial Information and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary difference to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of each reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Target Company expects, at the end of each reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax are recognised in profit or loss.

Property, plant and equipment

Property, plant and equipment held for use in the production or supply of goods or services, or for administrative purposes, other than construction in progress, are stated at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Depreciation is recognised so as to write off the cost of assets (other than construction in progress) less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Costs include professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Target Company's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are calculated using the first-in, first-out method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

Cash and cash equivalents

Bank balances and cash in the statement of financial position comprise cash at banks and on hand.

For the purpose of the statement of cash flows, cash and cash equivalents consist of bank balances and cash, as defined above.

Financial instruments

Financial assets and financial liabilities are recognised in the statement of financial position when the Target Company becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

Financial assets

The Target Company's financial assets are classified into loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest income is recognised on effective interest basis for debt instruments.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including loan and interest receivables, trade and other receivables and bank balances and cash) are carried at amortised cost, using the effective interest method, less any identified impairment losses (see the accounting policy in respect of impairment loss of financial assets below).

Impairment loss of financial assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been affected.

Objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is 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 carrying amount of financial asset is reduced by the impairment loss directly for all financial assets with the exception of loan and interest receivables and trade and other receivables, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. When a loan and interest receivable or trade and other receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Financial liabilities and equity instruments

Debt and equity instruments issued by the Target Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Financial liabilities

Financial liabilities (including other payables, amount due to an equity holder and bank borrowing) are subsequently measured at amortised cost, using the effective interest method.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the Relevant Periods. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest expense is recognised on an effective interest basis.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Target Company are recorded at the proceeds received, net of direct issue costs.

Derecognition

A financial asset is derecognised only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

A financial liability is derecognised when, and only when, the Target Company's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

4. CRITICAL ACCOUNTING JUDGEMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Target Company's accounting policies, which are described in note 3, the Target's Director is required to make judgements, estimates and assumptions about the amounts of assets, liabilities, revenue and expenses reported and disclosures made in the financial statements. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgement in applying accounting policies

The following is the critical judgement, apart from those involving estimations, that the Target's Director has made in the process of applying the Target Company's accounting policies and that have the most significant effect on the amounts recognised and disclosures made in the Historical Financial Information.

Going concern basis

Although the Target Company had net current liabilities of approximately RMB18,409,000 as at 30 November 2017, the Target Company manages its liquidity risk by monitoring its current and expected liquidity requirements regularly and ensuring sufficient liquid cash to meet the Target Company's liquidity requirements in the short and long term. Details of the factor that may cast doubt on the Target Company's ability to continues as a going concern and the measures taken are disclosed in note 1.

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Estimated useful lives and impairment of property, plant and equipment

The Target Company's management determines the estimated useful lives and the depreciation method in determining the related depreciation charges for its property, plant and equipment. The estimate is based on the management's experience of the actual useful lives of property, plant and equipment of similar nature and functions. Actual economic useful lives may differ from estimated useful lives. Periodic review could result in a change in depreciation period and therefore depreciation charge in the future period.

In addition, management assesses impairment whenever events or changes in circumstances indicate that the carrying amount of an item of property, plant and equipment may not be recoverable. When the recoverable amounts of property, plant and equipment differ from the original estimates, adjustment will be made and recognised in the period in which such event takes place. As at 31 December 2016 and 30 November 2017, the carrying amount of property, plant and equipment is nil and approximately RMB32,948,000 respectively. No impairment loss has been recognised during the Relevant Periods.

Impairment of prepaid lease payments

The Target Company's management assesses impairment whenever events or changes in circumstances indicate that the carrying amount of the prepaid lease payments may not be recoverable. When the recoverable amounts of prepaid lease payments differ from the original estimates, adjustment will be made and recognised in the period in which such event takes place. As at 31 December 2016 and 30 November 2017, the carrying amount of prepaid lease payments is nil and approximately RMB28,387,000 respectively. As the recoverable amounts of prepaid lease payments determined by an independent qualified professional valuer at the end of the Relevant Periods excess the carrying amount, no impairment loss has been recognised during the Relevant Periods.

Estimated impairment of loan and interest receivables

The Target Company closely monitors collections and payments from its equity holder and maintains a provision for estimated impairment loss based upon its historical experience and any specific collection issues that has been identified. As at 31 December 2016 and 30 November 2017, the carrying amounts of loan and interest receivables is nil and RMB47,055,000 respectively. No impairment loss on loan and interest receivables has been recognised during the Relevant Periods.

Estimated impairment of trade and other receivables

The Target Company performs ongoing credit evaluations of its debtor and adjusts credit limits based on payment history and the debtor's current credit-worthiness, as determined by the review of their current credit information. The Target Company continuously monitors collections and payments from its customers and maintains a provision for estimated credit losses based upon its historical experience and any specific customer collection issues that has been identified. Credit losses have historically been within the Target Company's expectations and the Target Company will continue to monitor the collections from debtors and maintain an appropriate level of estimated credit losses. During the period ended 31 December 2016 and 30 November 2017, no impairment loss on trade and other receivables is made. As at 31 December 2016 and 30 November 2017, the carrying value of trade and other receivables are approximately RMB145,000 and RMB5,793,000 respectively.

5. CAPITAL RISK MANAGEMENT

The Target Company manages its capital to ensure that it will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Target Company's overall strategy remained unchanged throughout the Relevant Periods.

The capital structure of the Target Company consists of net debts, which includes amounts due to an equity holder and bank borrowing, net of bank balances and cash and equity attributable to owners of the Target Company, comprising capital and reserve.

The Target's Director reviews the capital structure on a regular basis. As part of this review, the Target's Director considers the cost of capital and the risks associated with each class of capital. Based on the recommendation of the Target's Director, the Target Company will balance its overall capital structure through the capital contribution and the raising of new debt or the redemption of existing debt.

6. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	31 December 2016	30 November 2017
	RMB'000	*RMB'000*
Financial assets		
Loans and receivables (including bank balances and cash)	1,393	52,913
Financial liabilities		
Financial liabilities at amortised cost	10,226	72,437

(b) Financial risk management objective and policies

The Target Company's major financial instruments include loan and interest receivables, trade and other receivables, bank balances and cash, other payables, amount due to an equity holder and bank borrowing. Details of the financial instruments are disclosed in the respective notes to the Historical Financial Information. The risks associated with these financial instruments include interest rate risk, credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Interest rate risk

The Target Company is exposed to fair value interest rate risk in relation to loan receivables and bank borrowing which carried interests at fixed rates.

The Target Company is exposed to cash flow interest rate risk in relation to its bank balances which carried prevailing market interest rates. It is the Target Company's policy to keep them at floating rate of interests so as to minimise the fair value interest rate risk.

The Target Company's exposure to cash flow interest rate risk in relation to bank balances is minimal as these balances have a short maturity period.

No sensitivity analysis on interest rate risk on bank balances is presented as management consider the sensitivity on interest rate risk on bank balances is insignificant.

Credit risk

The Target Company's maximum exposure to credit risk at the end of each reporting period which will cause a financial loss to the Target Company due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognised financial assets as stated in the statements of financial position.

In order to minimise the credit risk, the management has delegated a team responsible for determination of monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Target Company reviews the recoverable amount of each individual trade and other receivables regularly at the end of each reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the Target's Director considers that the Target Company's credit risk is significantly reduced.

The management considers the credit risk of the Target Company is attributable to loan and interest receivables. The management closely monitors the financial positions and subsequent settlements of the equity holders and considers to make provision when necessary.

The credit risk on liquid funds is limited as they are placed with banks with high credit ratings assigned by international credit-rating agencies.

Liquidity risk

The Target Company has net current liabilities of approximately RMB8,803,000 and RMB18,409,000 as at 31 December 2016 and 30 November 2017 and is exposed to liquidity risk. To mitigate the liquidity risk, the equity holder of the Target Company, Jiangsu Longjia, agreed to provide continual financial support to the Target Company up to it ceasing as major equity holder and the Company also agreed to provide continual financial support and adequate funds to the Target Company for its operations as and when they fall due upon the Company becomes the controlling equity holder of the Target Company.

The management monitors the utilisation of bank borrowing and ensures compliance with loan covenants. During the Relevant Periods, the Target Company has not breached any loans covenant.

The following table details the Target Company's remaining contractual maturity for its non-derivative financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Target Company can be required to pay. The table includes both interest and principal cash flows.

Liquidity table

	On demand or within 1 year	**Total contractual undiscounted cash flow**	**Carrying amount**
	RMB'000	*RMB'000*	*RMB'000*
At 31 December 2016			
Other payables	226	226	226
Amount due to an equity holder	10,000	10,000	10,000
	10,226	10,226	10,226
At 30 November 2017			
Other payables	2,437	2,437	2,437
Bank borrowing	71,002	71,002	70,000
	73,439	73,439	72,437

(c) Fair value

The fair values of financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

The Target's Director considers that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the financial statements approximate to their corresponding carrying amounts.

7. REVENUE

	From 20/10/2016 (date of establishment) to 31/12/2016	From 20/10/2016 (date of establishment) to 30/11/2016	From 1/1/2017 to 30/11/2017
	RMB'000	*RMB'000* (unaudited)	*RMB'000*
Sales of visible light photocatalysis products	–	–	15,801

8. OTHER INCOME

	From 20/10/2016 (date of establishment) to 31/12/2016	From 20/10/2016 (date of establishment) to 30/11/2016	From 1/1/2017 to 30/11/2017
	RMB'000	*RMB'000* (unaudited)	*RMB'000*
Loan interest income	–	–	255
Rental income	–	–	158
Bank interest income	10	–	71
	10	–	484

9. FINANCE COST

	From 20/10/2016 (date of establishment) to 31/12/2016 *RMB'000*	From 20/10/2016 (date of establishment) to 30/11/2016 *RMB'000* (unaudited)	From 1/1/2017 to 30/11/2017 *RMB'000*
Interest on bank borrowing	–	–	3,760

10. INCOME TAX EXPENSE

Under the law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the Target Company is 25% for the Relevant Periods. No provision for income tax expense has been made for the Relevant Periods as the Target Company sustained tax losses during those periods.

The income tax expense for the Relevant Periods can be reconciled to the loss before tax per the statement of profit or loss and other comprehensive income as follow:

	From 20/10/2016 (date of establishment) to 31/12/2016 *RMB'000*	From 20/10/2016 (date of establishment) to 30/11/2016 *RMB'000* (unaudited)	From 1/1/2017 to 30/11/2017 *RMB'000*
Loss before tax	(635)	(1)	(6,190)
Tax at the domestic income tax rate	(159)	–	(1,548)
Tax effect of tax loss not recognised	159	–	1,548
Income tax	–	–	–

At 31 December 2016 and 30 November 2017, the Target Company had unused tax losses of approximately RMB635,000 and RMB6,825,000 respectively. No deferred tax asset has been recognised in respect of such losses due to unpredictability of profit streams. Such tax losses will expire within five years from the year of origination.

11. DIVIDENDS

No dividend was paid or proposed by the Target Company in respect of each of the Relevant Periods.

12. LOSS FOR THE PERIOD

Loss for the period has been arrived at after charging:

	From 20/10/2016 (date of establishment) to 31/12/2016	**From 20/10/2016 (date of establishment) to 30/11/2016**	**From 1/1/2017 to 30/11/2017**
	RMB'000	*RMB'000* (unaudited)	*RMB'000*
Director's emoluments in connection with the management of the affairs of the Target Company	10	–	110
Salaries, allowances and other benefits (excluding director's emoluments)	91	–	715
Contributions to retirement benefits scheme (excluding director's emoluments)	–	–	111
Total staff costs	101	–	936
Cost of inventories recognised as expenses	–	–	9,801
Depreciation of property, plant and equipment	–	–	519
Loss on disposal on property, plant and equipment	–	–	150
Amortisation of prepaid lease payments	–	–	383

13. PROPERTY, PLANT AND EQUIPMENT

	Buildings	Motor vehicles	Machinery & Equipment	Office equipment	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
COST						
At 20 October 2016 (date of establishment), 31 December 2016 and 1 January 2017	–	–	–	–	–	–
Additions	30,568	172	9,356	148	1,499	41,743
Disposals	–	(172)	(7,999)	(144)	–	(8,315)
At 30 November 2017	30,568	–	1,357	4	1,499	33,428
ACCUMULATED DEPRECIATION						
At 20 October 2016 (date of establishment), 31 December 2016 and 1 January 2017	–	–	–	–	–	–
Provided for the period	480	2	27	10	–	519
Eliminated on disposals	–	(2)	(27)	(10)	–	(39)
At 30 November 2017	480	–	–	–	–	480
CARRYING VALUES						
At 31 December 2016	–	–	–	–	–	–
At 30 November 2017	30,088	–	1,357	4	1,499	32,948

The above items of property, plant and equipment are depreciated on a straight-line basis, after taking into account their estimated residual value, at the following rates per annum:

Buildings	25 years
Motor vehicles	12% per annum
Machinery & Equipment	10% – 19% per annum
Office equipment	19% per annum

14. PREPAID LEASE PAYMENTS

	31 December 2016 *RMB'000*	30 November 2017 *RMB'000*
Analysed for reporting purposes as:		
– Non-current assets	–	27,621
– Current assets	–	766
	–	28,387

15. INVENTORIES

	31 December 2016 *RMB'000*	30 November 2017 *RMB'000*
Raw materials	–	255

16. LOAN AND INTEREST RECEIVABLES

	31 December 2016 *RMB'000*	30 November 2017 *RMB'000*
Fixed-rate loan receivables *(Note)*	–	47,000
Interest receivables	–	55
	–	47,055

Note: The amount represents loans to an equity holder, Jiangsu Longjia, which is unsecured, carrying fixed interest at 2% and repayable within twelve months from the end of reporting period.

17. TRADE AND OTHER RECEIVABLES

	31 December 2016 *RMB'000*	30 November 2017 *RMB'000*
Trade receivables	–	901
Prepayment	30	126
Deposit and other receivables	115	4,766
	145	5,793

The Target Company does not have a standardised and universal credit period granted to its customers, and the credit period of individual customer is considered on a case-by-case basis. The following is an ageing analysis of trade receivables, presented based on date of delivery of goods which approximates the respective revenue recognition dates, at the end of the reporting period, and net of impairment loss recognised:

	31 December 2016	**30 November 2017**
	RMB'000	*RMB'000*
90 – 120 days	–	901

As at 31 December 2016 and 30 November 2017, included in the Target Company's trade receivables were debtors with aggregate carrying amount of approximately RMB901,000 (2016: nil) which were past due at the end of the reporting period for which the Target Company has not provided for impairment loss.

The Target Company did not hold any collateral over the trade and other receivables.

Ageing analysis of trade receivables which are past due but not impaired:

	31 December 2016	**30 November 2017**
	RMB'000	*RMB'000*
90 – 120 days	–	901

18. BANK BALANCES AND CASH

Bank balances carry interest at market rates which range from 0.2% to 0.3% per annum for the Relevant Periods.

19. OTHER PAYABLES

	31 December 2016	**30 November 2017**
	RMB'000	*RMB'000*
Receipt in advance	–	32
Payable of acquisition of property, plant and equipment	–	1,546
Accrued expenses and other payables	226	891
	226	2,469

20. AMOUNT DUE TO AN EQUITY HOLDER

The amount was unsecured, interest-free and fully settled during the period ended 30 November 2017.

21. BANK BORROWING

	31 December 2016 *RMB'000*	30 November 2017 *RMB'000*
Unsecured and guaranteed	–	70,000
Carrying amount of bank borrowing repayable (based on scheduled repayment set out in the loan agreement)		
– Within one year	–	70,000

As at 30 November 2017, bank borrowing bore fixed interest rate at 6.87% per annum.

The bank borrowing was guaranteed by the corporate guarantee given by a related company of the Target Company as disclosed in note 27.

22. PAID-UP CAPITAL

	31 December 2016 *RMB'000*	30 November 2017 *RMB'000*
Paid-up capital	49,000	49,000

23. RETIREMENT BENEFIT OBLIGATIONS

The employees of the Target Company in the PRC are members of a state-managed retirement benefit scheme operated by the PRC government. The Target Company is required to contribute a specified percentage of the payroll of its employees to the retirement date.

The total cost charged to statements of profit or loss of nil, nil and approximately RMB111,000 represent contributions to the scheme by the Target Company for the Relevant Periods.

24. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Target Company's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the statement of cash flows as cash flows from financing activities.

	20/10/2016 (date of establishment)	**Cash from financing activities**	**Finance cost incurred**	**31/12/2016**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Amount due to an equity holder *(note 20)*	–	10,000	–	10,000

	1/1/2017	**Cash from (used in) financing activities**	**Finance cost incurred**	**31/12/2017**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Bank borrowing *(note 21)*	–	70,000	–	70,000
Interest payable	–	(3,760)	3,760	–
Amount due to an equity holder *(note 20)*	10,000	(10,000)	–	–
	10,000	56,240	3,760	70,000

25. OPERATING LEASES COMMITMENT

The Target Company as lessor

Property rental income earned during the periods ended 31 December 2016 and 30 November 2017 was nil and RMB158,000. The properties held have committed tenants for three years.

At the end of the reporting period, the Target Company had contracted with tenant for the following future minimum lease payments:

	31 December 2016 *RMB'000*	**30 November 2017** *RMB'000*
Within one year	–	380
In the second to fifth year inclusive	–	602
	–	982

26. CAPITAL COMMITMENT

As at 31 December 2016 and 30 November 2017, capital expenditure contracted for but yet incurred by the Target Company are as follows:

	31 December 2016 *RMB'000*	**30 November 2017** *RMB'000*
Capital expenditure in respect of contracted commitment for capital contribution to an investee *(Note)*	–	1,000

Note: The amount represents 1% capital contribution committed to a company, Jiangsu Graphene Photocatalytic Technology Co., Ltd.* 江蘇嘉潤石墨烯光催化科技有限公司 of which will engage in research and development, manufacturing, processing, sales, technical advisory and serves of visible light photocatalysis products.

* *English translation of Chinese names only and should not be regarded as the official English translation*

27. RELATED PARTY TRANSACTIONS

(a) Save as disclosed elsewhere in the Historical Financial Information, the Target Company has the following related party transactions:

Related parties	Nature of related party relationship	Nature of transaction	From 20/10/2016 (date of establishment) to 31/12/2016 *RMB'000*	From 20/10/2016 (date of establishment) to 30/11/2016 *RMB'000* (unaudited)	From 1/1/2017 to 30/11/2017 *RMB'000*
Jiangsu Longjia	Equity holder	Loan interest income *(Note 8)*	–	–	255
Jiangsu Kangrun Purify Technology Co., Ltd.* 江蘇康潤淨化科技有限公司	Equity holder (ceased as equity holder on 23 August 2017)	Purchase of goods *(Note)*	–	–	9,801

Note: Purchase of goods from related company was made on a mutually agreed basis.

(b) Other arrangements with related parties

Wuxishi Taiaoyi Trading Co., Ltd.* 無錫市泰奧益貿易有限公司, a related company of the Target Company of which the Target's Director is the common director of the related company, provided corporate guarantee for the bank borrowing and corresponding interest expenses to the bank.

(c) Compensation to key management personnel

The key management personnel is the Target's Director. Details of the remuneration paid to the Target's Director are set out in note 12 to the financial statements.

III. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Target Company in respect of any period subsequent to 30 November 2017.

* *English translation of Chinese names only and should not be regarded as the official English translation*

Set out below is the management discussion and analysis on the Target Company for the period from 20 October 2016 (being the date of incorporation) to 31 December 2016 and the eleven months ended 30 November 2017. The following financial information is based on the audited financial information of the Target Company as set out in Appendix IIA to this circular.

MANAGEMENT DISCUSSION AND ANALYSIS ON THE TARGET COMPANY

Set out below is the management discussion and analysis on the Target Company for the period from 20 October 2016 (being the date of incorporation) to 31 December 2016 and the eleven months ended 30 November 2017.

BUSINESS OVERVIEW

The Target Company is a limited liability company established in the PRC on 20 October 2016 and is currently owned as to 68% by Jiangsu Longjia Investment Co., Ltd.* 江蘇龍佳投資有限公司 and as to 32% by Mr. Kong Ping. The total registered capital of the Target Company as at the Latest Practicable Date was RMB100 million. The Target Company is principally engaged in amongst other things, research and development, manufacturing, processing, sales, technical advisory and services of visible light photocatalysis products. For the year ended 31 December 2016 and the eleven months ended 30 November 2017, the Target Company only served one customer, namely, Jiangsu Shuang Liang Graphene Photocatalytic Technology Co., Ltd.* 江陰雙良石墨烯光催化技術有限公司, a party independent from the Vendor. However, the management expected that after the Completion, new customers would be introduced to the Target Company which would help to expand the sales network and decrease the reliance upon a single customer.

FINANCIAL OVERVIEW

As the Target Company was established on 20 October 2016, no revenue and gross profit were recorded during period from 20 October 2016 (being the date of incorporation) to 31 December 2016. The Target Company started trading of the visible light photocatalysis products with the customer since 2017 and the revenue and the gross profit of approximately RMB15.8 million and RMB6 million, respectively were recorded for the eleven months period ended 30 November 2017.

For period from 20 October 2016 (being the date of incorporation) to 31 December 2016 and the eleven months ended 30 November 2017, the administrative and other operating expenses of the Target Company amounted to RMB645,000 and RMB8.9 million, respectively. The administrative and other operating expenses were mainly included by the start-up business expenses in 2016 and the increase in administrative and other operating expenses were mainly increased by the additional staff cost, travelling and entertainment expenses due to increase in operations and the research and development expenses on visible light photocatalysis products. In order to cope with the potential increase in sales, more the research and development expenses were spent in order to expand the domestic and export market of the Target Company.

For period from 20 October 2016 (being the date of incorporation) to 31 December 2016 and the eleven months ended 30 November 2017, the Target Company recorded a net loss of RMB635,000 and RMB6.2 million, respectively. The net loss was mainly incurred by the research and development expenses on visible light photocatalysis products in 2017. The management expected the revenue of the Target Company will be increased significantly as the visible light photocatalysis products become mature. A new product line was set-up in November 2017 for the preparation of the business expansion in 2018.

CAPITAL STRUCTURE, LIQUIDITY AND FINANCIAL RESOURCES

The Target Company's daily operation and capital expenditures are mainly funded by internally generated funds and shareholders' fund. As at 31 December 2016 and 30 November 2017, although the net current liabilities of the Target Company amounted to RMB8.8 million and RMB18.4 million respectively, the net assets of the Target Company amounted to RMB48.4 million and RMB42.2 million respectively.

As at 31 December 2016 and 30 November 2017, the Target Company had unrestricted cash and cash equivalents or RMB1.3 million and RMB191,000 respectively, and bank borrowings of nil and RMB70 million respectively. For the eleven months period ended 30 November 2017, the effective interest rate on the bank borrowings was approximately 6.87% per annum respectively, and the bank borrowings are repayable within one year. The gearing ratio of the Target Company, which is equal to total borrowings, inclusive of the amount due to a shareholder, over total equity, as at 31 December 2016 and 30 November 2017 was 20.7% and 166%, respectively. The fluctuation in gearing ratios was mainly attributable to the significant increases of the bank borrowings in 2016 and 30 November 2017.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2016 and 30 November 2017, the Target Company employed a total of 10 and 30 employees respectively, for its operations. Total staff costs for period from 20 October 2016 (being the date of incorporation) to 31 December 2016 and the eleven months ended 30 November 2017 were approximately RMB101,000 and RMB936,000 respectively. The Target Company has remuneration policies that align with market practice and remunerates its employees based on the responsibilities of their roles and performance, market requirements and the performance of the Target Company. In addition to monthly salaries, the Target Company also provides benefits including social insurance to its staff.

SIGNIFICANT ACQUISITIONS AND DISPOSALS

The Target Company purchased a land and buildings of RMB60.5 million as office and factory used during the eleven months ended 30 November 2017.

CHARGE ON ASSETS

There were no charges of assets for period from 20 October 2016 (being the date of incorporation) to 31 December 2016 and the eleven months ended 30 November 2017.

FOREIGN EXCHANGE EXPOSURE

During period from 20 October 2016 (being the date of incorporation) to 31 December 2016 and the eleven months period ended 30 November 2017, substantially all transactions of the Target Company were denominated in RMB, and most of the bank deposits were denominated in RMB to minimise foreign exchange exposure. The directors of the Target Company considered that the foreign exchange exposure of the Target Company was minimal, and therefore, the Target Company had not implemented any formal hedging policies to deal with such exposures.

CONTINGENT LIABILITIES

As at 31 December 2016 and 30 November 2017, the Target Company did not have material contingent liabilities.

CAPITAL COMMITMENTS

The capital commitment of the Target Company as at 31 December 2016 and 30 November 2017 was nil and RMB1 million respectively, which related to the capital expenditure in respect of the registered capital of the other investment, Jiangsu Graphene Graphene Photocatalytic Technology Co., Ltd.* 江蘇嘉潤石墨烯光催化科技有限公司, which is incorporated in PRC at 10 July 2017 and 1% owned by the Target Company.

SEGMENTAL INFORMATION

For period from 20 October 2016 (being the date of incorporation) to 31 December 2016 and the eleven months ended 30 November 2017, the Target Company operated with one reportable and operating segment, being principally engaged in amongst other things, research and development, manufacturing, processing, sales, technical advisory and services of visible light photocatalysis products. The Target Company developed the unique non-liquid functional stripping process for two-dimensional materials to achieve the industrial production of high quality graphene sheets. Graphene is a two-dimensional sheet of carbon atom arranged in the form of a honeycomb lattice. It is thin and ultra-light, yet immensely tough and incredibly flexible. The Target Company aims to the develop the graphene for the commercial use.

FUTURE PLANS

Save as disclosed above, the Target Company has no plans for material investments for the eleven months ended 30 November 2017.

UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF ASSETS AND LIABILITIES OF THE ENLARGED GROUP

The following is an illustrative and unaudited pro forma consolidated statement of assets and liabilities of Yat Sing Holdings Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Existing Group") and Jiangyin Grabene Graphene Photocatalytic Technology Co., Ltd. (the "Target Company") (the Existing Group and the Target Company hereinafter collectively referred to as the "Enlarged Group") (the "Unaudited Pro Forma Consolidated Statement of Assets and Liabilities"), which have been prepared on the basis as set out in the notes below to illustrate the effect of the proposed acquisition of 55% equity interest in the Target Company (the "Acquisition").

The Unaudited Pro Forma Consolidated Statement of Assets and Liabilities has been prepared in accordance with paragraph 29 of Chapter 4 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, for the purpose of illustrating the effect of the Acquisition as if the Acquisition had been completed on 31 December 2017.

The Unaudited Pro Forma Consolidated Statement of Assets and Liabilities has been prepared by directors of the Company (the "Directors") to provide information of the Existing Group upon completion of the Acquisition. It is prepared for illustrative purpose only and based on a number of assumptions, estimates and uncertainties. Because of its hypothetical nature, the Unaudited Pro Forma Consolidated Statement of Assets and Liabilities may not give a true picture of the financial position of the Enlarged Group following the completion of the Acquisition or any future date.

The Unaudited Pro Forma Consolidated Statement of Assets and Liabilities should be read in conjunction with the historical financial information as set out in the Company's published interim report for the period ended 31 December 2017, the accountants' report of the Target Company as set out in Appendix IIA of the circular and other financial information included elsewhere in the circular.

UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF ASSETS AND LIABILITIES OF THE ENLARGED GROUP AS AT 31 DECEMBER 2017

	The Group as at 31 December 2017	The Target Company as at 30 November 2017	Pro forma adjustments			The Enlarged Group as at 31 December 2017
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	(Note 1)	*(Note 2)*	*(Note 3)*	*(Note 4)*	*(Note 5)*	
Non-current assets						
Property, plant and equipment	6,911	38,911		1,669		47,491
Prepaid lease payments	–	32,620		5,875		38,495
Goodwill	–	–		9,326		9,326
Investment in a subsidiary	–	–	39,899	(39,899)		–
Available-for-sale investment	1,974	–				1,974
Deposits paid for acquisition of property, plant and equipment	–	18				18
Rental deposit	838	–				838
	9,723	71,549				98,142
Current assets						
Inventories	–	301				301
Prepaid lease payments	–	905		163		1,068
Loan and interest receivables	–	55,572				55,572
Trade and other receivables	239,004	6,841				245,845
Pledged bank deposits	3,710	–				3,710
Bank balances and cash	35,291	226	(28,049)			7,468
	278,005	63,845				313,964
Current liabilities						
Trade and other payables	101,197	2,916			2,355	106,468
Obligations under finance leases – due within one year	1,617	–				1,617
Bank borrowing	4,931	82,670				87,601
Tax payable	1,159	–				1,159
	108,904	85,586				196,845
Net current assets (liabilities)	169,101	(21,741)				117,119
Total assets less current liabilities	178,824	49,808				215,261

	The Group as at 31 December 2017	The Target Company as at 30 November 2017	Pro forma adjustments			The Enlarged Group as at 31 December 2017
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	(Note 1)	*(Note 2)*	*(Note 3)*	*(Note 4)*	*(Note 5)*	
Non-current liabilities						
Other payables	2	–				2
Contingent payable	–	–	11,850			11,850
Obligations under finance leases – due after one year	817	–				817
Long service payment obligations	326	–				326
Bank borrowing	4,665	–				4,665
Deferred tax liability	627	–		1,927		2,554
	6,437	–				20,214
Net assets	172,387	49,808				195,047

Notes:

1. The financial information of the Existing Group is extracted from the unaudited condensed consolidated statement of financial position of the Existing Group as at 31 December 2017 as set out in the Company's published interim report for the period ended 31 December 2017.

2. The financial information of the Target Company as at 30 November 2017 are extracted from the accountants' report of the Target Company as set out in Appendix IIA to this circular.

   The financial information of the Target Company was denominated in Renminbi ("RMB") and is translated into Hong Kong dollars ("HK$") at the approximate exchange rate of RMB1 to HK$1.181 for illustrative purpose only. Such translation does not constitute a representation that any amount has been, could have been, or may otherwise be exchanged or converted at the above rate.

	30 November 2017	
	RMB'000	*HK$'000*
Non-current assets		
Property, plant and equipment	32,948	38,911
Prepaid lease payments	27,621	32,620
Deposits paid for acquisition of property, plant and equipment	15	18
	60,584	71,549

	30 November 2017	
	RMB'000	*HK$'000*
Current assets		
Inventories	255	301
Prepaid lease payments	766	905
Loan and interest receivables	47,055	55,572
Trade and other receivables	5,793	6,841
Bank balances and cash	191	226
	54,060	63,845
Current liabilities		
Other payables	2,469	2,916
Bank borrowing	70,000	82,670
	72,469	85,586
Net current liabilities	(18,409)	(21,741)
Net asset	42,175	49,808

3. The pro forma adjustment represents the recognition of the investment cost in the Target Company.

Pursuant to the sale and purchase agreement entered by Synergy Rise Investment Limited (the "Purchaser"), an indirect wholly-owned subsidiary of the Company, in relation to the Acquisition (the "Agreement"), the consideration is RMB35,750,000 (equivalent to approximately HK$42,221,000) and Jiangsu Longjia Investment Co., Ltd. (the "Vendor") will deposit RMB12,000,000 (equivalent to approximately HK$14,172,000) (the "PG Security Deposit") to the Purchaser on the completion date as a security for the performance of the obligations of the Vendor under the profit guarantee, comprising:

(a) RMB6,000,000 (equivalent to approximately HK$7,086,000) ("2018 PG Security Deposit") as security deposit for the fulfillment of the 2018 profit guarantee; and

(b) the remaining RMB6,000,000 (equivalent to approximately HK$7,086,000) ("2019 PG Security Deposit") as security deposit for the fulfillment of the 2019 profit guarantee.

Details of the profit guarantee arrangement are disclosed in the section headed "Letter from the Board".

Based on the estimation made by the Directors and in view of the current market development, management, having discussed with the independent professional valuer, considered that the fair value of the PG Security Deposit placed by the Vendor is approximately RMB10,034,000 (equivalent to approximately HK$11,850,000) at the date of completion of the Acquisition. As such PG Security Deposit will be settled by cash and one year after the date of completion of the Acquisition, the PG Security Deposit is presented as a non-current liability contingent payable at the date of completion of the Acquisition for the purpose of presenting the Unaudited Pro Forma Consolidated Statement of Assets and Liabilities.

	RMB'000	*HK$'000*
Cost of investment in the Target Company		
Cash paid	35,750	42,221
Less: PG Security Deposit received	(12,000)	(14,172)
Net cash paid as at the date of completion of the Acquisition	23,750	28,049
Contingent payable	10,034	11,850
	33,784	39,899

4. The Target Company has business plan and started implementation before completion of the Acquisition. Therefore, the Acquisition has been accounted for as business combination in accordance with Hong Kong Financial Reporting Standard 3 "Business Combinations" in the Unaudited Pro Forma Consolidated Statement of Assets and Liabilities of the Enlarged Group.

The adjustment represents the recognition of goodwill and the fair value adjustments on the identifiable assets and liabilities of the Target Company that would arise from the Acquisition.

	Notes	*HK$'000*
The identifiable assets and liabilities recognised at the date of completion of the Acquisition are as follows:		
Net assets of the Target Company		49,808
Add: Fair value adjustments:	*a*	
– Property, plant and equipment		1,669
– Prepaid lease payments – non-current		5,875
– Prepaid lease payments – current		163
Less: Deferred tax liability arising from the fair value adjustments	*b*	(1,927)
		55,588
Goodwill arising from the Acquisition		
Consideration transferred *(Note 3)*		39,899
Add: non-controlling interest (45% in the Target Company, at proportionate share)		25,015
Less: net assets acquired		(55,588)
		9,326

Notes:

(a) The Directors have determined the fair value of the identifiable assets and liabilities of the Target Company as at 30 November 2017 with reference to a valuation report issued by an independent professional valuer. The fair value adjustments on identifiable assets are the difference between the fair value and the carry amount of identifiable assets.

(b) The deferred tax liability is calculated at the People's Republic of China tax rate of 25% on the fair value adjustments on property, plant and equipment and prepaid lease payment.

5. The adjustment represents the estimated transaction costs of the Acquisition, including mainly legal and professional fees of approximately HK$2,975,000 of which approximately HK$2,355,000 to be incurred by the Company and recognised in the profit or loss in year 2018, upon the completion of the Acquisition. The remaining amount of approximately of HK$620,000 had been recognised in the period ended 31 December 2017.

6. For the purpose of presenting the Unaudited Pro Forma Consolidated Statement of Assets and Liabilities, the Directors have conducted an impairment assessment over the goodwill in accordance with HKAS 36 and consider that no impairment is required to be recognised.

7. Apart from the above, no adjustments have been made to the Unaudited Pro Forma Consolidated Statement of Assets and Liabilities of the Enlarged Group to reflect any trading results or other transactions of the Enlarged Group entered into subsequent to 31 December 2017 where applicable.

The following is the text of report, prepared for the sole purpose of inclusion in this circular, from the independent reporting accountants, SHINEWING (HK) CPA Limited, Certified Public Accountants, Hong Kong.

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

信永中和 ShineWing

SHINEWING (HK) CPA Limited
43/F., Lee Garden One
33 Hysan Avenue
Causeway Bay, Hong Kong

The Board of Directors
Yat Sing Holdings Limited
Room 1402, 14/F., China Resources Buildings
26 Harbour Road, Wan Chai,
Hong Kong

Dear Sirs,

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Yat Sing Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Existing Group") by the directors of the Company for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma consolidated statement of assets and liabilities as at 31 December 2017 and related notes as set out on pages III-1 to III-6 of the circular in connection with the proposed acquisition of 55% equity interest in Jiangyin Grabene Graphene Photocatalytic Technology Co., Ltd. (hereinafter referred to as the "Target Company") (the "Acquisition"). The applicable criteria on the basis of which the directors of the Company have compiled the unaudited pro forma financial information are described in Notes 1 to 7.

The unaudited pro forma financial information has been compiled by the directors of the Company to illustrate the impact of the Acquisition on the Existing Group's financial position as 31 December 2017 as if the Acquisition had taken place at 31 December 2017. As part of this process, information about the Existing Group's financial position has been extracted by the directors of the Company from the Existing Group's unaudited condensed consolidated financial statements as at 31 December 2017, on which an interim report has been published.

DIRECTORS' RESPONSIBILITY FOR THE UNAUDITED PRO FORMA FINANCIAL INFORMATION

The directors of the Company are responsible for compiling the unaudited pro forma financial information in accordance with paragraph 29 of Chapter 4 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" ("AG7") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

OUR INDEPENDENCE AND QUALITY CONTROL

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

The firm applies Hong Kong Standard on Quality Control 1 "Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements" and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

REPORTING ACCOUNTANTS' RESPONSIBILITIES

Our responsibility is to express an opinion, as required by paragraph 29(7) of Chapter 4 of the Listing Rules, on the unaudited pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the unaudited pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 "Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus" issued by the HKICPA. This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the directors of the Company have compiled the unaudited pro forma financial information in accordance with paragraph 29 of Chapter 4 of the Listing Rules and with reference to AG7 issued by the HKICPA.

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

The purpose of unaudited pro forma financial information included in a circular is solely to illustrate the impact of the Acquisition on unadjusted financial information of the Existing Group as if the Acquisition at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the Acquisition at 31 December 2017 would have been as presented.

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

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

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

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

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

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

OPINION

In our opinion:

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

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

(c) the adjustments are appropriate for the purposes of the unaudited pro forma financial information as disclosed pursuant to paragraph 29(1) of Chapter 4 of the Listing Rules.

SHINEWING (HK) CPA Limited
Certified Public Accountants
Wong Hon Kei, Anthony
Practising Certificate Number: P05591

Hong Kong
19 March 2018

The following is the text of a letter and valuation certificate prepared for the purpose of incorporation in this circular received from Ascent Partners Valuation Service Limited, an independent valuer, in connection with its valuation as at 28 February 2018 of the property interests.

ASCENT PARTNERS
Together We Flourish

Suite 2102
Hong Kong Trade Centre
161-167 Des Voeux Road Central
Hong Kong
Tel: 3679-3890
Fax: 3579-0884

Date: 19 March 2018

The Board of Directors
Yat Sing Holdings Limited
Room 1402, 14/F
China Resources Building
26 Harbour Road
Wan Chai, Hong Kong

Dear Sir/Madam,

INSTRUCTIONS

In accordance with the instructions from Yat Sing Holdings Limited (the "**Company**") and its subsidiaries (the "**Group**") for us to value the property held by Jiangyin Grabene Graphene Photocatalytic Co., Ltd. (the "**Target Company**") located in Jiangyin City, Wuxi City, Jiangsu Province, the People's Republic of China (the "**PRC**"), we confirm that we have carried out property inspections, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market value of the property interests as at 28 February 2018 (referred to as the "**Valuation Date**").

This letter which forms part of our valuation report explains the basis and methodologies of valuation, clarifying assumptions, valuation considerations, title investigation and limiting conditions of this valuation.

BASIS OF VALUATION

Our valuation of the property interests represents the market value as defined by International Valuation Standards Council and adopted by The Hong Kong Institute of Surveyors as "the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion".

Market value is understood as the value of an asset or liability estimated without regard to costs of sale or purchase (or transaction) and without offset for any associated taxes or potential taxes.

The market value is the best price reasonably obtainable in the market by the seller and the most advantageous price reasonably obtainable in the market by the buyer. This estimate specifically excludes an estimated price inflated or deflated by special terms or circumstances such as atypical financing, sale and leaseback arrangement, special considerations or concessions granted by anyone associated with the sale, or any element of special value.

VALUATION METHODOLOGY

In valuing property interests, we have adopted a combination of the open market and depreciated replacement cost approaches in assessing the land portions of the property and the buildings and structures standing on the land respectively. Hence, the sum of the two results represents the value of the property as a whole. In the valuation of the land portion, reference has been made to the comparables sales transactions as available in the subject localities as well as the relevant benchmark land prices.

As the nature of the buildings and structures cannot be valued on the basis of market value, they have therefore been valued on the basis of their depreciated replacement cost. The depreciated replacement cost approach considers the cost to reproduce or replace in new condition the property appraised in accordance with current construction costs for similar buildings and structures in the locality, with allowance for accrued depreciation as evidenced by observed condition or obsolescence present, whether arising from physical, functional or economic causes. The depreciated replacement cost approach generally furnished the most reliable indication of value for the property in the absence of a known market based on comparable sales. The approach is subject to adequate potential profitability of the business.

TITLE INVESTIGATION

We have been, in some instances, shown copies of various title documents and other documents relating to the property interests and have made relevant enquiries. We have not examined the original documents to verify the existing title to the property interests and any material encumbrances that might be attached to the property interests or any lease amendments. However, we have relied considerably on the information given by the Company's PRC legal adviser, GFE Law Office (廣東恒益律師事務所), concerning the validity of the Group's title to the property interests located in the PRC.

All legal documents provided by the Group have been used for reference only. No responsibility regarding legal title to the property interests is assumed in this valuation report.

VALUATION CONSIDERATIONS

In valuing the property interests, we have complied with all the requirements contained in Chapter 5 and Practice Note 12 to the Rules Governing the Listing of Securities issued by The Stock Exchange of Hong Kong Limited and the HKIS Valuation Standards (2017 Edition) published by The Hong Kong Institute of Surveyors which incorporates the International Valuation Standards published by the International Valuation Standards Council.

VALUATION ASSUMPTIONS

Our valuations have been made on the assumption that the seller sells the property interests on the open market in their existing states without the benefit of a deferred term contracts, leasebacks, joint ventures, management agreements or any similar arrangements, which could serve to affect the values of the property interests.

In undertaking our valuation, we have assumed that, unless otherwise stated, transferable land use rights in respect of the property interests for specific terms at nominal annual land use fees have been granted and that any premium payable has already been fully paid. We have also assumed that the owners of the properties have enforceable titles to the properties and have free and uninterrupted rights to use, occupy or assign the properties for the whole of the respective unexpired terms as granted.

No allowance has been made in our report for any outstanding or additional land premium, charges, mortgages or amounts owing on the property interests valued nor for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the property interests are free from encumbrances, restrictions and outgoings of an onerous nature, which could affect their values.

Other special assumptions of the property interests, if any, have been stated out in the footnotes of the valuation certificate attached herewith.

SOURCE OF INFORMATION

We have relied to a considerable extent on information provided by the Group and have accepted advice given to us on such matters, in particular, but not limited to, the sales records, tenure, planning approvals, statutory notices, easements, particulars of occupancy, site and floor areas and all other relevant matters in the identification of the property interests.

We have had no reason to doubt the truth and accuracy of the information provided to us by the Group. We have also been advised by the Group that no material factors have been omitted from the information supplied. We consider that we have been provided with sufficient information to reach an informed view, and we have no reason to suspect that any material information has been withheld.

LIMITING CONDITIONS

We have inspected the exterior, and wherever possible, the interior of the properties but no structural survey had been made. In the course of our inspection, we did not note any serious defects. We are not, however, able to report that the properties are free from rot, infestation or any other structural defects. Further, no test has been carried out on any of the building services. All dimensions, measurements and areas are only approximates. We have not been able to carry out detailed on-site measurements to verify the site and floor areas of the properties and we have assumed that the areas shown on the copies of documents handed to us are correct.

We have not carried out any soil investigations to determine the suitability of the soil conditions and the services etc. for any future development. Our valuations are prepared on the assumption that these aspects are satisfactory and that no extraordinary expenses or delays will be incurred during the construction period. We do not make any allowance for contamination or pollution of the land, if any, which may have been caused by past usage.

Liability in connection with this valuation report is limited to the client to whom this report is addressed and for the purpose for which it is carried out only. We will accept no liability to any other parties or any other purposes.

This report is to be used only for the purpose stated herein, any use or reliance for any other purpose, by you or third parties, is invalid. No reference to our name or our report in whole or in part, in any document you prepare and/or distribute to third parties may be made without written consent.

REMARK

Unless otherwise stated, all monetary amounts stated in this report are in Renminbi (RMB), the official currency of the PRC.

Our valuation certificate is herewith attached.

Yours faithfully,
For and on behalf of
Ascent Partners Valuation Service Limited
Stephen Y. W. Yeung
MFin BSc(Hons) Land Adm. MHKIS MCIREA RPS(GP)
Principal

Mr. Stephen Y. W. Yeung is a Registered Professional Surveyor (General Practice Division) and a Professional Member of The Hong Kong Institute of Surveyors with over 10 years' experience in valuation of properties in HKSAR and mainland China. Mr. Yeung is also a valuer on the List of Property Valuers for Undertaking Valuations of Incorporation or Reference in Listing Particulars and Circulars and Valuations in Connection with Takeovers and Mergers published by HKIS.

VALUATION CERTIFICATE

Property interests to be acquired by the Company in the PRC

Property	Description and Tenure	Particular of Occupancy	Market value in existing state as at 28 February 2018
Land and various buildings located at No. 98 Zhuhuang Road, Zhutang Town, Jiangyin City, Wuxi City, Jiangsu Province, the People's Republic of China (位於中華人民共和國江蘇省無錫市江陰市祝塘鎮祝璜路98號之土地和房屋)	The property comprises two adjoining land parcels with a total site area of approximately 90,153.10 sq.m. on which various buildings are erected and completed in various stage between 2006 and 2009. Pursuant to Real Estate Certificates provided by the Group, the total gross floor area of the buildings is approximately 33,338.18 sq.m. The land use rights of the property were granted for terms with expiry dates between 21 August 2053 and 25 September 2056 for industrial use.	Except for two dormitory buildings are leased as disclosed in Note 3, the remaining portion of the property is vacant.	RMB66,500,000 (Renminbi Sixty Six Million Five Hundred Thousand)

Notes:

(1) Pursuant to a Real Estate Certificate – Su (2017) Jiang Yin Shi Bu Dong Chan Quan Di No. 0023247 issued by the Jinagyin Land and Resources Bureau dated 20 June 2017, the land use rights of a parcel of land with a site area of approximately 30,000 sq.m. and the building ownership rights of three buildings with a total gross floor area of approximately 11,404.38 sq.m. were owned by the Target Company for a term expiring on 25 September 2056 for industrial use. The details of these buildings are as follows:

Block	Building	No. of Storey	Gross Floor Area *Approx. (sq.m.)*
1	Dormitory Building	5	2,622.19
2	Dormitory Building	5	2,983.13
3	Factory Building	1	5,799.06
		Total:	11,404.38

(2) Pursuant to a Real Estate Certificate – Su (2017) Jiang Yin Shi Bu Dong Chan Quan Di No. 0023945 issued by the Jinagyin Land and Resources Bureau dated 26 June 2017, the land use rights of a parcel of land with a site area of approximately 60,153.10 sq.m. and the building ownership rights of seven buildings with a total gross floor area of approximately 21,933.80 sq.m. were owned by the Target Company for a term expiring on 21 August 2053 for industrial use. The details of these buildings are as follows:

Block	**Building**	**No. of Storey**	**Gross Floor Area** *Approx. (sq.m.)*
4	Factory/Warehouse Building	1	1,750.81
5	Factory Building	1	10,257.80
6	Office Building	3	3,225.42
7	Warehouse/Research Building	1	1,750.81
8	Convention Centre	2	1,550.43
9	Canteen	2	2,037.08
10	Office Building	2	1,361.45
		Total:	21,933.80

(3) Pursuant to a tenancy agreement dated 2 July 2017 entered into between the Target Company as lessor and Lu Yunnan* 陸雲南 as lessee, the two dormitory buildings with guard room and ancillary facilities were leased for a term of three years commencing on 1 July 2017 and expiring on 30 June 2020 at an annual rental of RMB380,000 exclusive of utility charges. The lessee agreed to provide no less than 10 rent-free rooms to the lessor.

(4) Pursuant to a Business License – Registration No. 91320281MA1MXF9U26 issued by Jiangyin Market Supervision Management Bureau dated 23 August 2017, the Target Company was established with a registered capital of RMB100,000,000 commencing from 20 October 2016 and expiring on 19 October 2036.

(5) Our inspection was performed by Mr. Stephen Yeung on 20 October 2017.

(6) Pursuant to an Execution Order dated 14 December 2016, the total cost of acquisition of the Property by the Target Company through an auction was RMB57,120,000.

(7) The Property is located in the junction of Zhuhang Road and Manwu Road. Most of the surrounding buildings are factories and rural residential houses in an industrial district.

(8) We have been provided with a legal opinion regarding the property interests by the Company's PRC legal adviser, which contains, *inter alia*, the following:

(i) The Target Company legally owns the property and is entitled to lease, transfer, mortgage and dispose of the property within its residual term of land use rights at no extra land premium or other onerous payment payable to the government; and

(ii) The property is free from any mortgage or other third parties' encumbrance.

* *English translation of Chinese names only and should not be regarded as the official English translation*

1. RESPONSIBILITY STATEMENT

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

2. DISCLOSURE OF INTERESTS BY DIRECTORS AND CHIEF EXECUTIVES IN THE COMPANY

As at the Latest Practicable Date, the interests and short positions of the Directors and the chief executive of the Company in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required (i) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies contained in the Listing Rules, were as follows:

Long position in the Shares and underlying Shares

Name of Director	Capacity/ Nature of interest	Number of Shares and underlying Shares	Approximate percentage of the total issued share capital of the Company
Mr. Dai Jian (“**Mr. Dai**”)	Interest in controlled corporation (*Note*)	2,995,500,000	53.55%

Note: These Shares are held by Smart Paradise International Limited (“**Smart Paradise**”). The entire issued share capital of Smart Paradise is legally and beneficially owned by Mr. Dai. Mr. Dai is deemed to be interested in the Shares in which Smart Paradise is interested in under Part XV of the SFO.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors nor the chief executive of the Company had or was deemed to have any interests and short positions in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required (i) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies contained in the Listing Rules.

3. DISCLOSURE OF INTERESTS BY SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS

As at the Latest Practicable Date, so far as any Directors are aware, the interest or short positions owned by the following parties (other than the Directors or chief executive of the Company) in the Shares, underlying Shares or debentures of the Company which are required to be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO or which were required to be recorded in the register of the Company required to be kept under section 336 of the SFO were as follows:

Long position in the Shares

Name	Capacity/ Nature of interest	Number of Shares and underlying Shares	Approximate percentage of the total issued share capital of the Company
Smart Paradise	Beneficial owner *(Note 1)*	2,995,500,000	53.55%
Ms. Zhao Li ("**Ms. Zhao**")	Interest of spouse *(Note 2)*	2,995,500,000	53.55%

Notes:

(1) The entire issued share capital of Smart Paradise is legally and beneficially owned by Mr. Dai. Mr. Dai is deemed to be interested in the Shares in which Smart Paradise is interested in under Part XV of the SFO.

(2) Ms. Zhao is the spouse of Mr. Dai. Ms. Zhao is deemed to be interested in the Shares in which Mr. Dai is interested in under Part XV of the SFO.

Save as disclosed above and as at the Latest Practicable Date, the Directors are not aware of any interests or short positions owned by any persons (other than the Directors or chief executives of the Company) in the Shares or underlying shares of the Company which were required to be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO or which were required to be recorded in the register of the Company required to be kept under section 336 of the SFO.

4. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contract with any member of the Group which does not expire or is not determinable by such member of the Group within one year without payment of compensation (other than statutory compensation).

5. COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors nor their respective close associates (as defined in the Listing Rules) was interested in any business apart from the business of the Enlarged Group, which competes or is likely to compete, either directly or indirectly, with the business of the Enlarged Group.

6. DIRECTORS' INTEREST IN CONTRACTS OR ARRANGEMENTS

As at the Latest Practicable Date, there was no contract or arrangement subsisting in which any Director was materially interested and which was significant in relation to any business of the Enlarged Group.

As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which had been since 30 June 2017 (being the date to which the latest published audited financial statements of the Enlarged Group were made up) acquired or disposed of by or leased to any member of the Enlarged Group, or were proposed to be acquired or disposed of by or leased to any member of the Enlarged Group.

7. EXPERTS AND CONSENTS

The followings are the qualification of the experts who have given opinions or advice, which are contained in this circular:

Name	Qualification
SHINEWING (HK) CPA Limited	Certified Public Accountants
Ascent Partners Valuation Service Limited	Independent property valuer

As at the Latest Practicable Date, each of the above experts had given and had not withdrawn its written consent to the issue of this circular with the inclusion herein of its letter or its name in the form and context in which they appear.

As at the Latest Practicable Date, each of the above experts did not have any shareholding in any member of the Enlarged Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Enlarged Group.

As at the Latest Practicable Date, each of the above experts did not have any interest, either directly or indirectly, in any assets which had been since 30 June 2017 (being the date to which the latest published audited financial statements of the Company were made up) acquired or disposed of by or leased to any member of the Enlarged Group, or were proposed to be acquired or disposed of by or leased to any member of the Enlarged Group.

8. LITIGATION

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

9. MATERIAL CONTRACT

The following contract (not being contract in the ordinary course of business of the Company) has been entered into by members of the Enlarged Group within two years immediately preceding the date of this circular which is or may be material:

(1) the Sale and Purchase Agreement.

10. CORPORATE INFORMATION OF THE GROUP

Registered office	Clifton House 75 Fort Street PO Box 1350 Grand Cayman KY1-1108 Cayman Islands
Headquarter and principal place of business in Hong Kong	Room 1402, 14/F China Resources Building 26 Harbour Road Wanchai Hong Kong
Principal share registrar and transfer office	Estera Trust (Cayman) Limited Clifton House 75 Fort Street PO Box 1350 Grand Cayman KY1-1108 Cayman Islands
Branch share registrar and transfer office in Hong Kong	Union Registrars Limited Suites 3301-04, 33/F Two Chinachem Exchange Square 338 King's Road North Point Hong Kong
Company secretary	Mr. Fung Nam Shan *(HKICPA, CPA Australia)*

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

11. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be made available for inspection during normal business hours at the head office and principal place of business in Hong Kong of the Company at Room 1402, 14/F, China Resources Building, 26 Harbour Road, Wanchai, Hong Kong from the date of this circular up to 14 days thereafter:

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

(b) the annual reports of the Company for the three years ended 30 June 2015, 2016 and 2017;

(c) the interim report of the Company for the six months ended 31 December 2017;

(d) the accountants' report issued by SHINEWING (HK) CPA Limited on the financial information of the Target Company, the text of which is set out in Appendix IIA to this circular;

(e) the accountants' report issued by SHINEWING (HK) CPA Limited on the unaudited pro forma financial information of the Enlarged Group, the text of which is set out in Appendix III to this circular;

(f) the letter summary of values and valuation certificates prepared by Ascent Partners Valuation Service Limited, the text of which is set out in Appendix IV to this circular;

(g) the written consents referred to in the paragraph headed "Experts and consents" in this appendix;

(h) the material contract referred to in the paragraph headed "Material contract" of this appendix; and

(i) this circular.