

YAT SING HOLDINGS LIMITED

日成控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 3708



2015-2016 Interim Report

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CORPORATE INFORMATION

Executive Directors

Mr. LIU Winson Wing Sun (Chairman)
Mr. KAN Yiu Keung (Chief Executive Officer)
Mr. CHAN Lo Kin
Mr. GE Jin

Non-Executive Directors

Mr. LIU Su Ke
Mr. KAN Yiu Kwok

Independent Non-Executive Directors

Ms. TONG Sze Wan
Mr. LAM Yiu Por
Mr. KWONG Ping Man

Audit Committee

Ms. TONG Sze Wan (Chairman)
Mr. LAM Yiu Por
Mr. KWONG Ping Man

Nomination Committee

Mr. LIU Winson Wing Sun (Chairman)
Ms. TONG Sze Wan
Mr. KWONG Ping Man

Remuneration Committee

Mr. LAM Yiu Por (Chairman)
Mr. CHAN Lo Kin
Ms. TONG Sze Wan

Company Secretary

Ms. SO Hau Kit

Authorised Representatives

Mr. LIU Winson Wing Sun
Mr. CHAN Lo Kin

Independent Auditors

SHINEWING (HK) CPA Limited

Compliance Adviser

TC Capital Asia Limited

Legal Adviser

As to Hong Kong Law
Loong & Yeung

Registered Office In The Cayman Islands

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

Headquarter and Principal Place of Business in Hong Kong Registered Under Part 16 of the Companies Ordinance

23/F, China United Plaza
1008 Tai Nan West Street
Cheung Sha Wan
Kowloon
Hong Kong

Principal Share Registrar and Transfer Office in the Cayman Islands

Appleby 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
A18/F, Asia Orient Tower
Town Place, 33 Lockhart Road
Wanchai
Hong Kong

Principal Bankers

Bank of China (Hong Kong) Limited
Kowloon West Commercial Centre

China Construction Bank (Asia) Corporation Limited
Tsim Sha Tsui Commercial Banking Office

Industrial and Commercial Bank of China (Asia) Limited
Kwun Tong Branch

Company Website

www.yat-sing.com.hk

Stock Code

03708

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Yat Sing Holdings Limited (the “Company”) and its subsidiaries (the “Group”) is a building maintenance and renovation service provider in Hong Kong. All revenue for the reporting period was derived from building maintenance and renovation services.

Revenue for the six months ended 31 December 2015 was approximately HK\$217.9 million, representing a decrease of approximately HK\$54.7 million or 20.1% when compared to the same period last year of approximately HK\$272.6 million mainly due to the completion of a renovation project during the reporting period.

Building maintenance services

As at 31 December 2015, we had 6 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\$1,148.0 million. As at 30 June 2015, we had 6 building maintenance contracts on hand with an aggregate notional or estimated contract value of approximately HK\$1,400.1 million.

Renovation services

As at 31 December 2015, we had 7 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\$333.4 million. As at 30 June 2015, we had 4 renovation contracts on hand with an aggregate notional or estimated contract value of approximately HK\$296.7 million.

RECENT DEVELOPMENT

Building maintenance services

During the reporting period, we have been successfully awarded 1 contract with a notional or estimated contract value of approximately HK\$0.5 million, which commenced during the reporting period.

Renovation services

During the reporting period, we have been successfully awarded 4 contracts with an aggregate notional or estimated contract value of approximately HK\$19.0 million. Of the newly awarded contracts, 1 commenced during the reporting period with a notional or estimated contact value of approximately HK\$3.5 million.

FUTURE DEVELOPMENT

We will keep focusing on identifying opportunities for building maintenance projects, especially in the public sector, which is our core business. For renovation projects, with the growth in consciousness of building refurbishment in Hong Kong, we are confident in attaining new projects from the private sector.

FINANCIAL REVIEW

Revenue

Revenue derived from building maintenance services increased by approximately HK\$5.3 million or 3.3% from approximately HK\$161.4 million for the same period in 2014 to approximately HK\$166.7 million during the reporting period. The slight increase in revenue was mainly caused by the commencement of a new District Term Contract (the “DTC”) during the reporting period.

Revenue derived from renovation services showed a decrease of approximately HK\$60.0 million or 54.0% from approximately HK\$111.1 million in the same period in 2014 to approximately HK\$51.1 million during the reporting period. The decrease in revenue was mainly caused by the completion of a renovation term contract with an education institution during the reporting period.

MANAGEMENT DISCUSSION AND ANALYSIS

Gross profit

During the reporting period, the Group's gross profit amounted to approximately HK\$21.0 million (2014: HK\$25.0 million) representing a decrease of approximately HK\$4.0 million or 16.0%. Gross profit margin for the reporting period was approximately 9.6% (2014: 9.2%). The increase in gross profit margin was caused by the increase in the proportion of the revenue of building maintenance services, which usually has a higher gross margin compared to renovation services, during the reporting period.

Gross profit attributable to building maintenance services for the reporting period amounted to approximately HK\$19.0 million (2014: HK\$19.5 million), representing a slight decrease of approximately HK\$0.5 million or 2.6%. The decrease was due to the commencement of the DTC contract during the reporting period which led to additional costs incurred at its initial stage. The Group's gross profit margin for building maintenance services for the reporting period was approximately 11.4% (2014: 12.1%), which was caused by the cost increase as mentioned above.

Gross profit attributable to renovation services for the reporting period amounted to approximately HK\$1.7 million (2014: HK\$5.5 million), representing a decrease of approximately HK\$3.8 million or 69.1%. The decrease was mainly caused by the completion of the renovation term contract with an education institution during the reporting period. Gross profit margin from renovation services during the reporting period was approximately 3.3%, which was lower than the same period in 2014 of approximately 5.0%. The decrease in gross profit margin was attributable to the extra costs incurred for the project for the conversion of usage of an industrial building, which was at its commencement stage during the reporting period.

Other income

During the reporting period, other income mainly comprised interest income amounted to approximately HK\$0.3 million. For the same period in 2014, other income included interest income, disposal gain of property, plant and equipment amounted to approximately HK\$0.2 million.

Administrative expenses

Administrative expenses decreased by approximately HK\$10.3 million or 48.6% from approximately HK\$21.2 million for the same period in 2014 to approximately HK\$10.9 million for the reporting period. The decrease was mainly due to the one-off professional fees of approximately HK\$11.7 million incurred in the same period in 2014 related to the listing of the shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") (the "Listing").

Finance costs

Finance costs increased by approximately HK\$0.1 million or 50.0% from approximately HK\$0.2 million for the same period in 2014 to approximately HK\$0.3 million for the reporting period. The increase was mainly due to the increase in the Group's obligations under financial leases and bank borrowings.

Income tax expense

The effective tax rates were approximately 18.5% and 72.3% for the reporting period and the same period in 2014, respectively. The effective tax rate for the reporting period in 2014 was significantly higher than the statutory profits tax rate of 16.5% due to the non-deductible professional fees related to the Listing of approximately HK\$11.7 million incurred for the reporting period in 2014.

Profit for the period

The Group's profit for the reporting period increased by approximately HK\$7.1 million or 645.5% from approximately HK\$1.1 million for the same period in 2014 to approximately HK\$8.2 million for the reporting period. Such increase was mainly attributed to the recognition of the expenses of approximately HK\$11.7 million in relation to the Listing during the reporting period in 2014 despite the decrease in gross profit for the reporting period over the same period in 2014.

MANAGEMENT DISCUSSION AND ANALYSIS

Liquidity, financial resources and capital structure

The Group generally finances its operation through cash from operations and bank borrowings. As at 31 December 2015, the Group had total cash and bank balances of approximately HK\$132.4 million (30 June 2015: HK\$98.9 million). Bank borrowings as at 31 December 2015 amounted to approximately HK\$35.9 million (30 June 2015: HK\$10.1 million). All the cash and bank balances and bank borrowings are denominated in Hong Kong dollar.

As at 31 December 2015, the share capital and equity attributable to owners of the Company amounted to approximately HK\$11.2 million and HK\$166.8 million respectively (30 June 2015: HK\$11.2 million and HK\$158.6 million respectively).

The Group did not carry out any hedging for its floating rate borrowings.

Operating lease commitments

As at 31 December 2015 and 30 June 2015, the Group had outstanding commitments in respect of future minimum lease payments under non-cancellable lease of approximately HK\$0.5 million and HK\$0.9 million, respectively.

Capital commitments

As at 30 June 2015, the Group had outstanding commitments in respect of acquisition of motor vehicles of approximately HK\$1.4 million.

Foreign exchange risk

The Group's business operations were conducted in Hong Kong. The transactions, monetary assets and liabilities of the Group were mainly denominated in Hong Kong dollar. With the insignificant portion of monetary assets denominated in foreign currencies, the Group did not engage in the any derivatives agreement and did not commit to any financial instruments to hedge its foreign exchange exposure during the reporting period.

Gearing ratio

Gearing ratio is calculated based on the total debts divided by the total equity. The gearing ratio was approximately 23.3% and 12.7% as at 31 December 2015 and 30 June 2015, respectively. The increase in gearing ratio is due to increase in bank borrowings and obligations under finance leases proportionately more than the increase in equity during the reporting period.

Charge over assets of the Group

As at 31 December 2015, the Group had approximately HK\$5.0 million (30 June 2015: HK\$5.0 million) pledged bank deposits to secure the banking facilities granted to the Group.

As at 31 December 2015, the Group had approximately HK\$3.2 million (30 June 2015: HK\$1.4 million) motor vehicles held under finance lease.

Significant investments, acquisitions and disposals

The Group did not enter into any new significant investment during the six months ended 31 December 2015. The Group did not make any material acquisition and disposal of subsidiaries, associates or joint ventures for the six months ended 31 December 2015.

MANAGEMENT DISCUSSION AND ANALYSIS

Contingent liabilities

One subsidiary of the Company is a defendant in a number of claims, lawsuits and potential claims relating to employees' compensation cases and personal injuries claims. The directors ("the Directors") of the Company considered 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.

Save as disclosed above, the Group had no material contingent liabilities as at 31 December 2015 (30 June 2015: nil).

Employees and remuneration policies

As at 31 December 2015, the Group has approximately 145 employees (30 June 2015: 127). The staff related costs included salaries, wages and other staff benefits, contributions and retirement schemes, provisions for staff long service payment and untaken paid leave. The Group recruits and promotes individuals based on their performance and development potential in the positions held. In order to attract and retain high quality staff and to enable smooth operations within the Group, the Group offered competitive remuneration packages (with reference to market conditions and individual qualifications and experience) and various in-house training courses. The remuneration packages were subject to review on a regular basis. The emoluments of the Directors and senior management have been reviewed by the remuneration committee of the Company, having regard to the Company's operating results, market competitiveness, individual performance and achievement, and approved by the board (the "Board") of Directors of the Company.

Interim dividend

The Board does not recommend the payment of an interim dividend for the six months ended 31 December 2015 (2014: nil).

Use of proceeds from the initial public offering

The shares of the Company were listed on the Stock Exchange on 14 January 2015. The total net proceeds from the initial public offering amounted to approximately HK\$64.5 million.

The total net proceeds received were fully applied by the Group consistent with the disclosures in the prospectus of the Company dated 31 December 2014.

IMPORTANT EVENTS

Placing of shares by a controlling shareholder of the Company

On 23 July 2015, Profound Union Limited ("Profound") entered into a share placing agreement with Sino Wealth Securities Limited (the "Placing Agent") pursuant to which the Placing Agent had agreed to, on a best endeavor basis, find purchasers to purchase 60,000,000 shares (the "Sale Shares") from Profound at the price of HK\$1.37 each (the "Placing"). The Sale Shares represented approximately 5.36% of the issued share capital of the Company as at 23 July 2015.

Upon completion of the Placing on 24 July 2015, Profound was interested in approximately 69.64% of the issued share capital of the Company, and Mr. LIU Su Ke, Mr. LAI Kwan Hin, Mr. KAN Yiu Kwok, Mr. KAN Yiu Keung, Mr. KAN Man Hoo, Mr. YAU Shik Fan, Eddy, Mr. LIU Winson Wing Sun, Mr. CHAN Lo Kin and Profound remained as controlling shareholders (as defined in the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules")) of the Company.

For details of the transaction, please refer to the announcements of the Company dated 23 July 2015 and 24 July 2015.

MANAGEMENT DISCUSSION AND ANALYSIS

Sale of shares by a controlling shareholder of the Company

On 30 July 2015, Profound sold 180,000,000 shares at the consideration of HK\$1 per share (the "Sale") to purchasers each of whom is a third party independent of the Company and its connected persons (as defined in the Listing Rules). The said 180,000,000 shares represented approximately 16.09% of the issued share capital of the Company as at 30 July 2015.

Immediately following the Sale, Profound was interested in approximately 53.55% of the issued share capital of the Company, and Mr. LIU Su Ke, Mr. LAI Kwan Hin, Mr. KAN Yiu Kwok, Mr. KAN Yiu Keung, Mr. KAN Man Hoo, Mr. YAU Shik Fan, Eddy, Mr. LIU Winson Wing Sun, Mr. CHAN Lo Kin and Profound remained as controlling shareholders (as defined in the Listing Rules) of the Company. None of the purchasers of the Sale become a substantial shareholder of the Company as a result of the Sale.

For details of the transaction, please refer to the announcement of the Company dated 30 July 2015.

Appointment of executive Director

On 30 September 2015, Mr. GE Jin was appointed as an executive Director of the Company with immediate effect. He entered into a director's service agreement with the Company on 30 September 2015 for a term commencing from 30 September 2015 to the annual general meeting of the Company to be held in 2016. The director's remuneration of Mr. GE is HK\$960,000 per annum.

For details of the appointment, please refer to the announcement of the Company dated 30 September 2015.

Mr. Ge was re-elected as an executive Director of the Company on the annual general meeting of the Company dated 20 November 2015.

OTHER INFORMATION

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY

As at 31 December 2015, the interests and short positions of the Directors and chief executives of the Company in shares, underlying shares and debentures of the Company or any of the associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which have been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of the SFO (including interest or short positions which they had taken or deemed to have under such provisions of the SFO), or as recorded in the register required to be kept by the Company under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in Appendix 10 of the Listing Rules were as follows:

Long position in the shares

Name of Director	Capacity/Nature	Number of shares held/interested	Percentage of interest (approx.)
Mr. LIU Su Ke	Interest of a controlled corporation (Note)	599,100,000	53.55%

Long position in the ordinary shares of associated corporation

Name of Director	Name of associated corporation	Capacity/Nature	Number of shares held/interested	Percentage of interest (approx.)
Mr. LIU Su Ke	Profound	Beneficial owner	18,058	40.31%
Mr. LIU Winson Wing Sun	Profound	Beneficial owner	2,500	5.58%
Mr. KAN Yiu Keung	Profound	Beneficial owner	5,000	11.16%
Mr. KAN Yiu Kwok	Profound	Beneficial owner	5,000	11.16%

Note: These shares are held by Profound, the entire issued share capital of which is legally and beneficially owned as to approximately 40.31% by Mr. LIU Su Ke, approximately 14.52% by Mr. LAI Kwan Hin, approximately 11.16% by Mr. KAN Yiu Keung, approximately 11.16% by Mr. KAN Yiu Kwok, approximately 6.42% by Mr. KAN Man Hoo, approximately 5.80% by Mr. YAU Shik Fan, Eddy, approximately 5.58% by Mr. LIU Winson Wing Sun and approximately 5.04% by Mr. CHAN Lo Kin. Therefore, Mr. LIU Su Ke is deemed, or taken to be, interested in all shares held by Profound for the purpose of the SFO. Each of Mr. LIU Winson Wing Sun, Mr. LIU Su Ke, Mr. CHAN Lo Kin and Mr. KAN Yiu Keung is a director of Profound.

Save as disclosed above, as at 31 December 2015, none of the Directors and chief executive of the Company had or was deemed to have any interests or short positions in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they had taken or deemed to have under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

OTHER INFORMATION

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 31 December 2015, so far as is known to the Directors, the following persons (not being a Director or chief executive of the Company) have interests or short positions in shares or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provision Divisions 2 and 3 of Part XV of the SFO or which would be required, pursuant to Section 336 of the SFO, to be entered in the register of the Company referred to therein:

Name	Capacity/Nature	Number of shares held/interested	Percentage of interest (approx.)
Profound	Beneficial owner	599,100,000	53.55%
Ms. HO Fung Chun	Interest of spouse (Note)	599,100,000	53.55%
Quantum China Asset Management Limited	Investment manager	64,820,000	5.79%

Note: Ms. HO Fung Chun is the spouse of Mr. LIU Su Ke. Accordingly, Ms. HO Fung Chun is deemed, or taken to be, interested in all shares in which Mr. LIU Su Ke is interested in for the purpose of the SFO.

SHARE OPTION SCHEME

Pursuant to the written resolutions of the sole shareholder of the Company on 18 December 2014, the Company adopted a share option scheme (the "Scheme") to attract and retain high quality staff, to provide additional incentive to employees (full-time or part-time), directors, consultants or advisors, distributors, contractors, suppliers, agents, customers, business partners or service providers of the Group and to promote the success of the business of the Group.

The total number of shares of the Company in respect of which options may be granted under the Scheme is not permitted to exceed 10% of the shares of the Company in issue at any point in time, without prior approval from the shareholders. The number of shares of the Company issued and to be issued in respect of which options granted and may be granted to any individual in any one year is not permitted to exceed 1% of the shares of the Company in issue at any point in time, without prior approval from the shareholders of the Company. Options granted to substantial shareholders or independent non-executive Directors or any of their respective close associates (including a discretionary trust whose discretionary objects include a substantial shareholders, independent non-executive Directors, or any of their respective close associates) in any 12-month period in excess of 0.1% of the Company's share capital or with a value in excess of HK\$5 million must be approved in advance by the shareholders of the Company.

Options granted must be taken up within seven days inclusive of the day on which such offer was made, upon payment of HK\$1 per option. Options may be exercised at any time during a period as the Directors may determine which shall not exceed ten years from the date of grant. The exercise price is determined by the Directors, and will be at least the higher of (i) the closing price of the shares of the Company on the date of grant, (ii) the average closing price of the shares of the Company for the five business days immediately preceding the date of grant; and (iii) the nominal value of the share of the Company.

The Scheme will remain in force for a period of ten years commencing on the date of the adoption date (i.e. 18 December 2014) and shall expire at the close of business on the business day immediately preceding the tenth anniversary thereof unless terminated earlier by the shareholders of the Company in general meeting.

No share options were granted since the adoption of the Scheme and there are no outstanding share options at the end of each reporting period.

OTHER INFORMATION

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the reporting period and up to the date of this report, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed securities of the Company.

CORPORATE GOVERNANCE CODE

The Company has a policy of seeking to comply with established best practice in corporate governance. The Board believes that good corporate governance is crucial to improving the efficiency and performance of the Group and to safeguarding the interests of its shareholders.

The Company has adopted and complied with all code provisions (the "Code Provisions") as set out under the Corporate Governance Code (the "CG Code") contained in Appendix 14 to the Listing Rules during the reporting period.

The Directors carry out regular review on the Company's corporate governance policies and will propose any amendment, if necessary, to ensure compliance with the Code Provisions from time to time.

COMPLIANCE WITH MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

Securities transactions by Directors

The Company has adopted the Model Code as a code of conduct of the Company for Directors' securities transactions. The Company has made specific enquiry of all the Directors regarding any non-compliance with the Model Code, and they have all confirmed that they had fully complied with the required standard set out in the Model Code during the six months ended 31 December 2015 and up to the date of this report.

Securities transactions by senior management and staff

The senior management and staff have been individually notified and advised about the Model Code by the Company.

OTHER INFORMATION

AUDIT COMMITTEE

The Company has an audit committee (the "Audit Committee") established in compliance with Rule 3.21 of the Listing Rules with written terms of reference in compliance with the CG Code. The responsibilities of the Audit Committee include reviewing financial statements, monitoring the appointment of and non-audit work undertaken by external auditors and reviewing the effectiveness of the internal controls of the Group. The Audit Committee of the Group consists of three independent non-executive Directors, namely Ms. TONG Sze Wan (chairman of the Audit Committee), Mr. KWONG Ping Man and Mr. LAM Yiu Por. The interim financial results of the Group for the six months ended 31 December 2015 are unaudited but have been reviewed by the Audit Committee, which was of the opinion that the preparation of such results complied with the applicable accounting standards and requirements as well as the Listing Rules and that adequate disclosures have been made.

The results for the current interim period have been reviewed by our auditor, SHINEWING (HK) CPA Limited, 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 Hong Kong Institute of Certified Public Accountants.

By order of the Board

LIU Winson Wing Sun
Chairman

Hong Kong, 25 February 2016

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION



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

TO THE BOARD OF DIRECTORS OF YAT SING HOLDINGS LIMITED (incorporated in the Cayman Islands with limited liability)

Introduction

We have reviewed the condensed consolidated financial statements of Yat Sing Holdings Limited (the "Company") and its subsidiaries set out on pages 13 to 28, which comprise the condensed consolidated statement of financial position as of 31 December 2015 and the related condensed consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended, and other explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" ("HKAS 34") issued by the Hong Kong Institute of Certified Public Accountants. The directors are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with HKAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope Of 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 Hong Kong Institute of Certified Public Accountants. A review of these condensed consolidated financial statements 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.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements are not prepared, in all material respects, in accordance with HKAS 34.

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

Hong Kong
25 February 2016

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 31 December 2015

	Notes	Six months ended 31 December	
		2015 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited)
Revenue	3	217,850	272,581
Cost of services		(196,897)	(247,583)
Gross profit		20,953	24,998
Other income		267	203
Administrative expenses		(10,919)	(21,175)
Finance costs	4	(257)	(197)
Profit before taxation		10,044	3,829
Income tax expense	5	(1,859)	(2,767)
Profit and total comprehensive income for the period	6	8,185	1,062
Profit and total comprehensive income for the period attributable to:			
Owners of the Company		8,144	1,052
Non-controlling interests		41	10
		8,185	1,062
Earnings per share (HK cent)			
Basic and diluted	8	0.7	0.1

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2015

	Notes	31 December 2015 HK\$'000 (Unaudited)	30 June 2015 HK\$'000 (Audited)
Non-current assets			
Property, plant and equipment	9	4,143	3,331
Available-for-sale investments		1,974	1,974
Deposits paid for property, plant and equipment		–	222
		6,117	5,527
Current assets			
Amounts due from customers for contract work		–	–
Trade and other receivables	10	176,586	199,848
Pledged bank deposits		5,000	5,000
Bank balances and cash		132,387	98,901
		313,973	303,749
Current liabilities			
Trade and other payables	11	113,494	129,610
Bank borrowings	12	35,900	10,116
Obligations under finance leases – due within one year		1,448	817
Tax payable		642	8,812
		151,484	149,355
Net current assets		162,489	154,394
Total assets less current liabilities		168,606	159,921
Non-current liabilities			
Obligations under finance leases – due after one year		705	313
Long service payment obligations		326	218
Deferred tax liabilities		325	325
		1,356	856
Net assets		167,250	159,065

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

As at 31 December 2015

	Note	31 December 2015 HK\$'000 (Unaudited)	30 June 2015 HK\$'000 (Audited)
Capital and reserves			
Share capital	13	11,189	11,189
Reserves		155,603	147,459
Equity attributable to:			
Owners of the Company		166,792	158,648
Non-controlling interests		458	417
Total equity		167,250	159,065

The condensed consolidated financial statements on pages 13 to 28 were approved and authorised for issue by the board of directors on 25 February 2016 and are signed on its behalf by:

LIU Winson Wing Sun
Director

CHAN Lo Kin
Director

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 31 December 2015

	Attributable to owners of the Company					Non-controlling interests HK\$'000	Total HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Other reserve HK\$'000 (Note)	Retained profits HK\$'000	Total HK\$'000		
At 1 July 2014 (audited)	9,310	-	-	145,923	155,233	681	155,914
Profit and total comprehensive income for the period	-	-	-	1,052	1,052	10	1,062
Dividend recognised as distribution (Note 7)	-	-	-	(86,613)	(86,613)	-	(86,613)
Dividend recognised as distribution to non-controlling interests	-	-	-	-	-	(387)	(387)
Elimination of share capital on group reorganisation	(9,310)	-	9,310	-	-	-	-
Share issued on group reorganisation	9,790	-	(9,790)	-	-	-	-
At 31 December 2014 (unaudited)	9,790	-	(480)	60,362	69,672	304	69,976
At 1 July 2015 (audited)	11,189	77,790	(480)	70,149	158,648	417	159,065
Profit and total comprehensive income for the period	-	-	-	8,144	8,144	41	8,185
At 31 December 2015 (unaudited)	11,189	77,790	(480)	78,293	166,792	458	167,250

Note: Other reserve represented the difference between the nominal value of the issued share capital of Sing Fat Construction Co., Limited and ABO Group Limited ("ABO") in aggregate amount of approximately HK\$9,310,000 over nominal value of the share capital of the Company in amount of HK\$9,790,000 issued in exchange thereof, pursuant to the group reorganisation.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 31 December 2015

	Six months ended 31 December	
	2015 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited)
NET CASH FROM OPERATING ACTIVITIES	7,929	33,493
NET CASH FROM (USED IN) INVESTING ACTIVITIES	838	(4,683)
FINANCING ACTIVITIES		
Dividend paid	–	(80,191)
Repayments of bank borrowings	(4,216)	(4,424)
New bank borrowings raised	30,000	11,650
Other financing cash flows	(1,065)	(963)
NET CASH FROM (USED IN) FINANCING ACTIVITIES	24,719	(73,928)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	33,486	(45,118)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	98,901	66,808
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	132,387	21,690

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 December 2015

1. BASIS OF PREPARATION

The condensed consolidated financial statements of Yat Sing Holdings Limited and its subsidiaries (collectively referred to as the "Group") for the six months ended 31 December 2015 have been prepared in accordance with the applicable disclosure provisions of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis.

The accounting policies and methods of computation used in the condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 30 June 2015.

3. SEGMENT INFORMATION

The Group's reportable and operating segments, based on information reported to the directors of the Company, being the chief operating decision maker (the "CODM") for the purposes of resources allocation and performance assessment of segment performance focuses on services provided are as follows:

- i) Building maintenance; and
- ii) Renovation.

(a) Segment revenue and results

The following is an analysis of the Group's revenue and results by reportable and operating segments:

For the six months ended 31 December 2015

	Building maintenance HK\$'000 (Unaudited)	Renovation HK\$'000 (Unaudited)	Total HK\$'000 (Unaudited)
Segment revenue	166,706	51,144	217,850
Segment profit	19,029	1,746	20,775
Unallocated corporate income			267
Central administration costs			(10,741)
Finance costs			(257)
Profit before taxation			10,044

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 31 December 2015

3. SEGMENT INFORMATION (CONTINUED)

(a) Segment revenue and results (Continued)

For the six months ended 31 December 2014

	Building maintenance HK\$'000 (Unaudited)	Renovation HK\$'000 (Unaudited)	Total HK\$'000 (Unaudited)
Segment revenue	161,432	111,149	272,581
Segment profit	19,519	5,501	25,020
Unallocated corporate income			181
Central administration costs			(21,175)
Finance costs			(197)
Profit before taxation			3,829

The accounting policies of the reportable segments are the same as the Group's accounting policies. Segment profit represents the profit earned by each segment without allocation of certain unallocated corporate income, central administration costs and finance costs. This is the measure reported to the CODM for the purpose of resource allocation and performance assessment.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 31 December 2015

3. SEGMENT INFORMATION (CONTINUED)

(b) Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by reportable and operating segments:

	31 December 2015 HK\$'000 (Unaudited)	30 June 2015 HK\$'000 (Audited)
Segment assets		
Building maintenance	109,866	98,080
Renovation	68,813	103,481
Total segment assets	178,679	201,561
Unallocated corporate assets	141,411	107,715
Total assets	320,090	309,276
Segment liabilities		
Building maintenance	56,006	46,846
Renovation	54,553	78,530
Total segment liabilities	110,559	125,376
Unallocated corporate liabilities	42,281	24,835
Total liabilities	152,840	150,211

4. FINANCE COSTS

	Six months ended 31 December	
	2015 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited)
Interest on:		
– Bank borrowings	220	185
– Obligations under finance leases	37	12
	257	197

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 31 December 2015

5. INCOME TAX EXPENSE

	Six months ended 31 December	
	2015 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited)
Current tax – Hong Kong Provision for the period	1,859	2,767

6. PROFIT FOR THE PERIOD

Profit for the period has been arrived at after charging (crediting):

	Six months ended 31 December	
	2015 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited)
Bank interest income	(252)	(94)
Depreciation of property, plant and equipment	477	264
Loss (gain) on disposal of property, plant and equipment	178	(22)
Minimum lease payments paid under operating leases	601	677
Listing expenses (included in administrative expenses)	–	11,682

7. DIVIDENDS

During the six months ended 31 December 2014, a dividend of approximately HK\$86,613,000 was declared by the Company to its then sole shareholder, of which approximately HK\$79,648,000 and HK\$6,965,000 was settled in December 2014 and January 2015 respectively.

The directors of the Company do not recommend the payment of an interim dividend for the six months ended 31 December 2015.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 31 December 2015

8. EARNINGS PER SHARE

The calculation of basic earnings per share to owners of the Company is based on the following data:

	Six months ended 31 December	
	2015 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited)
Earnings		
Earnings for the purpose of basic earnings per share	8,144	1,052

	Six months ended 31 December	
	2015 '000 (Unaudited)	2014 '000 (Unaudited)
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	1,118,800	978,950

The diluted earnings per share is equal to the basic earnings per share as there were no dilutive potential ordinary shares during the periods ended 31 December 2015 and 2014.

The weighted average number of ordinary share in issue during the period ended 31 December 2014 represents 978,950,000 ordinary shares (Notes 13(a) and (c)) issued as part of the reorganisation, as if such shares had been outstanding during the entire period of 2014.

9. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 31 December 2015, the Group acquired machinery and equipment and motor vehicles amounting to approximately HK\$2,142,000 in aggregate (six months ended 31 December 2014: HK\$263,000). Motor vehicles with a net carrying value of approximately HK\$852,000 were disposed of the Group during the six months ended 31 December 2015 (six months ended 31 December 2014: HK\$128,000) for cash proceeds of approximately HK\$675,000 (six months ended 31 December 2014: HK\$150,000).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 31 December 2015

10. TRADE AND OTHER RECEIVABLES

The Group 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 and stipulated in the project contract, as appropriate. The following is an ageing analysis of trade receivables, presented based on the certified report which approximates revenue recognition date at the end of the reporting period:

	31 December 2015 HK\$'000 (Unaudited)	30 June 2015 HK\$'000 (Audited)
Within 90 days	54,833	71,113
91 to 180 days	22,128	32,997
181 to 365 days	41,427	26,462
1 to 2 years	31,560	47,052
Over 2 years	2,835	3,144
	152,783	180,768

11. TRADE AND OTHER PAYABLES

The following is an ageing analysis of trade payables presented based on the invoice date at the end of the reporting period:

	31 December 2015 HK\$'000 (Unaudited)	30 June 2015 HK\$'000 (Audited)
Within 90 days	22,798	33,232
91 to 180 days	18,507	28,639
181 to 365 days	36,276	21,711
1 to 2 years	16,203	25,361
Over 2 years	3,809	3,875
	97,593	112,818

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 31 December 2015

12. BANK BORROWINGS

	31 December 2015 HK\$'000 (Unaudited)	30 June 2015 HK\$'000 (Audited)
Carrying amount of bank borrowings that are not repayable within one year from the end of the reporting period but contain a repayment on demand clause	–	2,474
Carrying amount of bank borrowings that are repayable within one year based on scheduled repayment set out in the loan agreement	35,900	7,642
Amounts shown under current liabilities	35,900	10,116

As at 31 December 2015, bank borrowings bore floating interest rates from 2.60% to 2.72% (30 June 2015: 2.60% to 2.75%) per annum.

As at 31 December 2015 and 30 June 2015, the bank borrowings and general banking facilities were secured and/or guaranteed by the corporate guarantee given by the Company and the Group's bank deposits.

13. SHARE CAPITAL

	Number of ordinary shares	Nominal value of ordinary shares HK\$'000
Ordinary share of HK\$0.01 each		
Authorised:		
At 17 September 2014 (date of incorporation) (Note a)	38,000,000	380
Increase during the period (Note b)	1,962,000,000	19,620
At 31 December 2014 (Unaudited), 1 July 2015 (Audited) and 31 December 2015 (Unaudited)	2,000,000,000	20,000
Issued and fully paid:		
Share issued upon incorporation (Note a)	1	–
Shares issued on reorganisation (Note c)	978,949,999	9,790
At 31 December 2014 (Unaudited)	978,950,000	9,790
Shares issued on initial public offering (Note d)	139,850,000	1,399
At 30 June 2015 (Audited), 1 July 2015 (Audited) and 31 December 2015 (Unaudited)	1,118,800,000	11,189

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 31 December 2015

13. SHARE CAPITAL (CONTINUED)

Notes:

- (a) Upon incorporation, the authorised share capital of the Company was HK\$380,000 divided into 38,000,000 ordinary shares of HK\$0.01 each. One share was allotted and issued nil paid to the subscriber on 17 September 2014, which was then transferred to Profound Union Limited ("Profound"), the ultimate and immediate holding company of the Company, on the same date.
- (b) Pursuant to the written resolutions passed by the sole shareholder of the Company on 30 November 2014, the authorised share capital of the Company was increased from HK\$380,000 to HK\$20,000,000 by the creation of an additional 1,962,000,000 ordinary shares of HK\$0.01 each.
- (c) Pursuant to the reorganisation and as consideration for the acquisition by the Company of the entire issued share capital of ABO from the ultimate equity shareholders, including Mr. LIU Su Ke, Mr. CHAN Lo Kin, Mr. KAN Man Hoo, Mr. KAN Yiu Keung, Mr. KAN Yiu Kwok, Mr. LAI Kwan Hin, Mr. LIU Winsong Wing Sun and Mr. YAU Shik Fan, Eddy (collectively referred to as the "Controlling Shareholders"), on 1 December 2014, (i) the one nil paid share then held by Profound was credited as fully paid at par, and (ii) 978,949,999 shares, all credited as fully paid at par, were allotted and issued to Profound.
- (d) On 14 January 2015, 139,850,000 ordinary shares of HK\$0.01 each were issued at a price of HK\$0.60 per share pursuant to the share offer of the Company.
- (e) All shares issued rank pari passu in all respects with all shares then in issue.

14. SHARE OPTION SCHEME

The Company's share option scheme was adopted pursuant to the written resolution passed on 18 December 2014 to attract and retain the best available personnel, to provide additional incentive to eligible participants and to promote the success of the business of the Group.

Eligible participants of the share option scheme include employees (full-time and part-time), directors, consultants, advisors, distributors, contractors, suppliers, agents, customers, business partners or service providers of the Group.

No share options are granted since the adoption of the share option scheme and there are no outstanding share options as at 31 December 2015.

15. OPERATING LEASE COMMITMENTS

The Group as lessee

At the end of the reporting period, the Group had outstanding commitments in respect of future minimum lease payments under non-cancellable operating leases which fall due as follows:

	31 December 2015 HK\$'000 (Unaudited)	30 June 2015 HK\$'000 (Audited)
Within one year	450	900

Operating lease payments represent rentals payable by the Group for its office premises. Leases are negotiated and rentals are fixed for a term ranging from 2 to 3 years (30 June 2015: 2 to 3 years).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 31 December 2015

16. COMMITMENTS

As at 31 December 2015, capital expenditure contracted for but not yet incurred by the Group is as follows:

	31 December 2015 HK\$'000 (Unaudited)	30 June 2015 HK\$'000 (Audited)
Capital expenditure in respect of the acquisition of property, plant and equipment contract for but not provided in the condensed consolidated financial statements	–	1,444

17. CONTINGENT LIABILITIES

(a) Contingent liabilities in respect of legal claims

One subsidiary of the Group is defendant in a number of claims, lawsuits and potential claims relating to employees' compensation cases and personal injuries claims. The directors of the Company 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) Guarantees issued

At the end of the reporting period, the Group had provided the following guarantees:

	31 December 2015 HK\$'000 (Unaudited)	30 June 2015 HK\$'000 (Audited)
Performance bonds in favor of its client	–	692

As at 30 June 2015, approximately HK\$692,000 of performance bonds were given by banks in favour of some of the Group's customers as security for the due performance and observance of the Group's obligations under the service contracts entered into between the Group and its customers. If the Group fails to provide satisfactory performance to its customers to whom performance bonds have been given, such customers may demand the banks to pay to them the sum or sums stipulated in such demand. The Group will then become liable to compensate such banks accordingly.

The performance bonds were released upon completion of the contract work for the relevant customers during the period.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 31 December 2015

18. PLEDGE OF ASSETS

As at 31 December 2015, the Group had pledged bank deposits of approximately HK\$5,000,000 (30 June 2015: HK\$5,000,000) to banks to secure the banking facilities granted to the Group. In addition, the Group's obligations under finance leases were secured by the lessors' title to the leased motor vehicles with carrying value of approximately HK\$3,154,000 and HK\$1,426,000 as at 31 December 2015 and 30 June 2015 respectively.

19. RELATED PARTY TRANSACTIONS

- (a) Except as disclosed elsewhere in the condensed consolidated financial statements, the Group had the following transactions with related parties:

Related party	Nature of transaction	Six months ended 31 December	
		2015 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited)
Chung Tat Construction Co., Limited	Subcontracting fee paid to a related party	–	1,939
Mega Billion Investment Limited	Rental of office from a related party	450	450
General Top Holdings Limited	Rental of motor vehicle from a related party	–	56

The above companies are companies of which certain directors of the Company are their beneficial shareholders and/or directors.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 31 December 2015

19. RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Compensation of key management personnel

The remuneration of directors of the Company and other members of key management personnel during the period was as follows:

	Six months ended 31 December	
	2015 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited)
Short-term benefits	4,022	1,704
Post-employment benefits	50	44
	4,072	1,748

- (c) Under a deed of indemnity dated 18 December 2014, the Controlling Shareholders have undertaken to provide indemnities on a joint and several basis in respect of, among other matters, all claims, payments, suits, damages, settlement payments, costs and expenses which would be incurred or suffered by the Group as a result of any litigation, arbitration and/or legal proceedings, whether of criminal, administrative, contractual, tortious or otherwise nature against any member of the Group in relation to any act, non-performance, omission or otherwise of any member of the Group on or before the date which the share offer of the Company becomes unconditional.

20. MAJOR NON-CASH TRANSACTIONS

During the six months ended 31 December 2015, the Group entered into finance lease arrangements in respect of motor vehicles with a total capital value at the inception of the leases of approximately HK\$2,013,000 (six months ended 31 December 2014: HK\$263,000).