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

(Incorporated in Cayman Islands with limited liability)

(Stock Code: 3708)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 30 JUNE 2018

FINANCIAL HIGHLIGHTS
(All in Hong Kong dollar)

	Year ended 30 June	
	2018	2017
Revenue	**$467 million**	$513 million
Gross profit	**$55 million**	$45 million
Total comprehensive income for the year	**$5 million**	$1 million
Equity attributable to owners of the Company	**$174 million**	$172 million
		(Restated)
Basic earnings per share	**0.07 cents**	0.02 cents

RESULTS

The board (the "Board") of directors (the "Directors") of Yat Sing Holdings Limited (the "Company") is pleased to present the consolidated audited results of the Company and its subsidiaries (the "Group") for the year ended 30 June 2018 (the "Year") as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 June 2018

	Notes	**2018**	2017
		HK$'000	*HK$'000*
Revenue	*3*	**466,583**	513,455
Cost of sales		**(411,677)**	(468,269)
Gross profit		**54,906**	45,186
Other income		**2,272**	1,475
Gain on fair value change on contingent payable		**130**	—
Gain on fair value change on held-for-trading investments		**—**	59
Administrative expenses		**(42,993)**	(39,784)
Finance costs	*4*	**(1,170)**	(40)
Profit before taxation		**13,145**	6,896
Income tax expenses	*5*	**(5,732)**	(5,511)
Profit for the year	*6*	**7,413**	1,385
Other comprehensive expense for the year			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translating a foreign operation		**(2,438)**	—
Total comprehensive income for the year		**4,975**	1,385
Profit for the year attributable to:			
Owners of the Company		**3,650**	1,313
Non-controlling interests		**3,763**	72
		7,413	1,385
Total comprehensive income for the year attributable to:			
Owners of the Company		**2,309**	1,313
Non-controlling interests		**2,666**	72
		4,975	1,385

		2018	2017
			(Restated)
Earnings per share *(HK cents)*			
— Basic and diluted	*8*	**0.07**	0.02

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2018

	Notes	**2018**	2017
		HK$'000	*HK$'000*
Non-current assets			
Property, plant and equipment		**48,843**	6,110
Prepaid lease payments		**38,966**	—
Goodwill		**10,234**	—
Available-for-sale investment		**1,974**	1,974
Rental deposit		**191**	802
Pledged bank deposits		**3,727**	—
		103,935	8,886
Current assets			
Inventories		**1,540**	—
Prepaid lease payments		**893**	—
Trade and other receivables	*9*	**262,659**	233,846
Time deposits with original maturity over three months		**20,000**	—
Bank balances and cash		**46,143**	40,049
		331,235	273,895
Current liabilities			
Trade and other payables	*10*	**122,325**	105,618
Contingent payable		**6,629**	—
Obligations under finance leases — due within one year		**1,437**	1,124
Bank borrowings		**87,997**	—
Tax payable		**2,675**	2,293
		221,063	109,035
Net current assets		**110,172**	164,860
Total assets less current liabilities		**214,107**	173,746

	2018	2017
	HK$'000	*HK$'000*
Non-current liabilities		
Other payables	**—**	45
Contingent payable	**6,141**	—
Obligations under finance leases — due after one year	**151**	747
Bank borrowings	**2,146**	—
Long service payment obligations	**326**	326
Deferred tax liabilities	**1,989**	523
	10,753	1,641
Net assets	**203,354**	172,105
Capital and reserves		
Share capital	**11,189**	11,189
Reserves	**162,662**	160,353
Equity attributable to:		
Owners of the Company	**173,851**	171,542
Non-controlling interests	**29,503**	563
Total equity	**203,354**	172,105

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands on 17 September 2014 as an exempted company with limited liability and its shares have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") since 14 January 2015. The address of its registered office is Clifton House, 75 Fort Street, PO Box 1350, Grand Cayman, KY1-1108, Cayman Islands and its headquarter and principal place of business in Hong Kong is Room 1402, 14th Floor China Resources Building, 26 Harbour Road, Wanchai, Hong Kong.

The Company acts as an investment holding company and the principal activities of its subsidiaries are provision of building maintenance services and renovation services and sales of visible light photocatalysis products.

2. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS(s)") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities (the "Listing Rules") on the Stock Exchange and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair value.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

The consolidated financial statements are presented in Hong Kong dollar ("HK$"), which is also the functional currency of the Company.

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.

Application of new and revised HKFRSs

In the current year, the Group has applied the following new and revised HKFRSs, which include HKFRSs, Hong Kong Accounting Standards ("HKAS(s)"), amendments and interpretations ("Int(s)"), issued by the HKICPA.

Amendments to HKFRSs	Annual Improvements to HKFRSs 2014 – 2016 Cycle: Amendments to HKFRS 12
Amendments to HKAS 7	Disclosure Initiative
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses

Except as described below, the application of other new and revised HKFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

Amendments to HKAS 7 Disclosure Initiative

The amendments require entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. The amendments do not prescribe a specific method to fulfill the new disclosure requirements. However, the amendments indicate that one way is to provide a reconciliation between the opening and closing balances for liabilities arising from financing activities.

The application of amendments to HKAS 7 has resulted in additional disclosures on the Group's financial activities, especially a reconciliation between the opening and closing balances in the consolidated statement of financial position for liabilities arising from financing activities is provided in Note 34 of the Group's annual consolidated financial statements for the year ended 30 June 2018. On initial application of the amendments, the Group is not required to provide comparative information for preceding periods. Apart from the additional disclosure in Note 34 of the Group's annual consolidated financial statements for the year ended 30 June 2018, the Directors considered that these amendments have had no impact on the Group's consolidated financial statements.

New and revised HKFRSs issued but not yet effective

The Group 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 Compensations[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 19	Employee Benefits[2]
Amendments to HKAS 28	Long-term Interests 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 Directors anticipate 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 Group.

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) 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 accounting 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 designated as at fair value through profit or loss, 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 fair value through profit or loss 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 Directors has performed a preliminary analysis of the Group's financial instruments as at 30 June 2018 based on the fact and circumstances existing at that date. The Directors have assessed the impact of adoption of HKFRS 9 (2014) on the Group's results and financial position, including the classification categories and the measurement of financial assets, and disclosures, as follows:

(a) Classification and measurement

For the available-for-sale equity investment that is not held for trading and is currently stated at cost less impairment, the Group has made an irrevocable election to present in other comprehensive income the changes in fair value.

(b) Impairment

The Directors expect 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 rental deposit, trade and other receivables, pledged bank deposits and bank balances and increase the amount of impairment allowance recognised for these items.

The Directors 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 Directors expect that apart from the effects as indicated above, the adoption of HKFRS 9 (2014) will not have other material impact on amounts reported in the Group's consolidated 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 sources of revenue of the Group are provision of building maintenance services and renovation services and sales of visible light photocatalysis products. Revenue from building maintenance and renovation services are recognised when services are provided. Revenue from sales of visible light photocatalysis products are recognised when titles have been passed to the customer. 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 Directors have preliminarily assessed each type of the performance obligations and consider 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 consolidated financial statements. However, the Directors expect 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 Group as at 30 June 2018.

HKFRS 16 Leases

HKFRS 16 provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements of both lessors and lessees.

In respect of the lessee accounting, the standard introduces a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases with the lease term of more than 12 months, unless the underlying asset has a low value.

At the commencement date of the lease, the lessee is required to recognise a right-of-use asset at cost, which consists of the amount of the initial measurement of the lease liability, plus any lease payments made to the lessor at or before the commencement date less any lease incentives received, the initial estimate of restoration costs and any initial direct costs incurred by the lessee. A lease liability is initially recognised at the present value of the lease payments that are not paid at that date.

Subsequently, the right-of-use asset is measured at cost less any accumulated depreciation and any accumulated impairment losses, and adjusted for any remeasurement of the lease liability. Lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payment made, and remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments. Depreciation and impairment expenses, if any, on the right-of-use asset will be charged to profit or loss following the requirements of HKAS 16 Property, Plant and Equipment, while interest accrual on lease liability will be charged to profit or loss.

In respect of the lessor accounting, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17 Leases. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

HKFRS 16 will supersede the current lease standards including HKAS 17 Leases and the related interpretations when it becomes effective.

HKFRS 16 will become effective for annual periods beginning on or after 1 January 2019 with early application permitted provided that the entity has applied HKFRS 15 Revenue from Contracts with Customers at or before the date of initial application of HKFRS 16.

As at 30 June 2018, the Group has non-cancellable operating lease commitments of approximately HK$4,013,000 as disclosed in Note 32 of the Group's annual consolidated financial statements for the year ended 30 June 2018, which represent operating leases with original lease terms of over one year in which the Group will recognise right-to-use assets and corresponding lease liabilities. The Directors expect that, apart from the changes in the measurement, presentation and disclosure as indicated above, the adoption of HKFRS 16 will not have other material impact on amounts reported in the Group's consolidated financial statements.

3. SEGMENT INFORMATION

The Group's reportable and operating segments, based on information reported to the chairman of the Board, being the chief operating decision maker (the "CODM") for the purposes of resources allocation and performance assessment focuses on types of goods sold or services provided. No operating segments identified by the CODM have been aggregated in arriving at the reportable segments of the Group.

Specifically, the Group's reportable segments are as follows:

i) Building maintenance;

ii) Renovation; and

iii) Sales of visible light photocatalysis products.

Sales of visible light photocatalysis products were commenced during the year ended 30 June 2018 as a result of the acquisition of a subsidiary (Note 11). Therefore, a new segment of sales of visible light photocatalysis products was in the current year.

Segment revenue and results

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

For the year ended 30 June 2018

	Building maintenance *HK$'000*	**Renovation** *HK$'000*	**Sales of visible light photocatalysis products** *HK$'000*	**Total** *HK$'000*
Segment revenue	350,805	92,751	23,027	466,583
Segment profit	37,464	4,314	12,892	54,670
Unallocated corporate income				2,196
Central administration costs				(42,551)
Finance costs				(1,170)
Profit before taxation				13,145

For the year ended 30 June 2017

	Building maintenance *HK$'000*	Renovation *HK$'000*	Total *HK$'000*
Segment revenue	367,127	146,328	513,455
Segment profit	41,813	2,817	44,630
Unallocated corporate income			1,435
Gain on fair value change on held-for-trading investments			59
Central administration costs			(39,188)
Finance costs			(40)
Profit before taxation			6,896

The accounting policies of the operating segments are the same as the Group's accounting policies described in Note 3 of the Group's annual consolidated financial statements for the year ended 30 June 2018. Segment profit represents the profit earned by each segment without allocation of certain unallocated corporate income, gain on fair value change on held-for-trading investments, central administration costs and finance costs. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

There were no inter-segment sales between different business segments for the years ended 30 June 2018 and 2017.

Segment assets and liabilities

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

	2018	2017
	HK$'000	*HK$'000*
Segment assets		
Building maintenance	**99,722**	105,590
Renovation	**81,188**	84,672
Sales of visible light photocatalysis products	**134,883**	—
Total segment assets	**315,793**	190,262
Unallocated corporate assets	**119,377**	92,519
Total assets	**435,170**	282,781
Segment liabilities		
Building maintenance	**66,741**	61,188
Renovation	**32,353**	26,034
Sales of visible light photocatalysis products	**19,895**	—
Total segment liabilities	**118,989**	87,222
Unallocated corporate liabilities	**112,827**	23,454
Total liabilities	**231,816**	110,676

For the purpose of monitoring segment performance and allocating resources between segments:

- all assets are allocated to operating segments other than certain property, plant and equipment, available-for-sale investment, rental deposit, certain other receivables, pledged bank deposits, time deposits with original maturity over three months and bank balances and cash as these assets are managed on a group basis.

- all liabilities are allocated to operating segments other than certain other payables, obligations under finance leases, bank borrowings, tax payable, long service payment obligations and deferred tax liabilities as these liabilities are managed on a group basis.

4. FINANCE COSTS

	2018	2017
	HK$'000	*HK$'000*
Interests on:		
Bank borrowings	**1,102**	—
Obligations under finance leases	**68**	40
	1,170	40

5. INCOME TAX EXPENSES

	2018	2017
	HK$'000	*HK$'000*
Hong Kong Profits Tax:		
Current tax	**2,623**	3,989
Under-provision in prior years	**192**	1,414
	2,815	5,403
Deferred tax	**2,917**	108
	5,732	5,511

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits for both years.

Pursuant to the rules and regulations of the Cayman Islands and British Virgin Islands (the "BVI"), the Group is not subject to any income tax in the Cayman Islands and the BVI.

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 People's Republic of China (the "PRC") subsidiary is 25%. No provision for PRC Enterprise Income Tax has been made as the PRC subsidiary has sufficient tax losses brought forward to set off against current year's assessable profit during the year.

6. PROFIT FOR THE YEAR

Profit for the year has been arrived at after charging:

	2018	2017
	HK$'000	*HK$'000*
Staff costs (including Directors' and chief executive's emoluments)		
— Directors' and chief executive's emoluments	**2,269**	4,502
— Salaries, allowances and other benefits	**38,915**	40,399
— Contributions to retirement benefits scheme	**1,188**	1,010
Total staff costs	**42,372**	45,911
Auditor's remuneration	**1,280**	1,112
Amount of inventories recognised as expenses	**9,825**	—
Net exchange loss	**212**	91
Depreciation of property, plant and equipment	**1,640**	1,395
Amortisation of prepaid lease payments	**156**	—
Minimum lease payments paid under operating lease in respected of rented premises	**4,472**	4,501
Provision for impairment of other receivables	**—**	596

7. DIVIDENDS

No dividend was paid or proposed during the year ended 30 June 2018, nor has any dividend been proposed since the end of reporting period (2017: Nil).

8. EARNINGS PER SHARE

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

	2018	2017
	HK$'000	*HK$'000*
Earnings		
Earnings for the purpose of basic earnings per share, profit for the year attributable to owners of the Company	**3,650**	1,313

	2018	2017
		(Restated)
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**5,594,000,000**	5,594,000,000

The weighted average number of ordinary shares for the purpose of basic earnings per share for both years has been adjusted for the sub-division of shares on 7 February 2018.

The diluted earnings per share is equal to the basic earnings per share as there were no dilutive potential ordinary shares during the years ended 30 June 2018 and 2017.

9. 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, for the building maintenance and renovation services. For the sales of visible light photocatalysis products, the Group generally allows an average credit period of 120 days (2017: Nil) to the customers.

The following is an ageing analysis of trade receivables, presented based on the certified report and/or based on invoices dates which approximates the respective revenue recognition date at the end of the reporting period:

	2018	2017
	HK$'000	*HK$'000*
Within 90 days	**92,482**	112,364
91 to 180 days	**11,403**	16,377
181 to 365 days	**45,036**	7,213
1 to 2 years	**13,063**	17,849
Over 2 years	**22,470**	16,250
	184,454	170,053

10. 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:

	2018	2017
	HK$'000	*HK$'000*
Within 90 days	**48,351**	39,504
91 to 180 days	**7,331**	10,548
181 to 365 days	**6,284**	3,533
1 to 2 years	**8,864**	9,329
Over 2 years	**20,965**	18,170
	91,795	81,084

11. ACQUISITION OF A SUBSIDIARY

Pursuant to a sales and purchase agreement dated 19 September 2017, the Group acquired 55% equity interest of Jiangyin Grabene Graphene Photocatalytic Technology Co., Ltd. ("Jiangyin Grabene") at a cash consideration of Renminbi ("RMB") 35,750,000 from an independent third party of the Group.

Pursuant to a supplemental agreement to the sales and purchase agreement dated 29 December 2017, the vendor deposited RMB12,000,000 (the "PG Security Deposit") to the Group on the completion date of the acquisition as a security for the performance of the obligations of the vendor under the profit guarantee, comprising:

(a) RMB6,000,000 ("2018 PG Security Deposit") as security deposit for the fulfillment of the profit guarantee for the year ended 31 December 2018 ("2018 Profit Gurantee"); and

(b) the remaining RMB6,000,000 ("2019 PG Security Deposit") as security deposit for the fulfillment of the profit guarantee for the year ended 31 December 2019 ("2019 Profit Gurantee").

In the event that the actual profits of Jiangyin Grabene for the year ended 31 December 2018 and/or 31 December 2019 is equal to or more than the 2018 and/or 2019 Profit Guarantee of RMB6,000,000 respectively, the Group shall return the 2018 and/or 2019 PG Security Deposit to the vendor accordingly. In the event that the actual profits for the year ended 31 December 2018 and/or 31 December 2019 is less than the 2018 and/or 2019 Profit Guarantee, the Group shall have the right to deduct certain shortfall amount from the 2018 and/or 2019 PG Security Deposit based on the agreed calculation and return the remaining amount to the vendor.

Details of the acquisition are disclosed in the circular of the Company dated 19 March 2018.

The transaction was completed in April 2018.

Jiangyin Grabene is engaged in the sales of visible light photocatalysis products in the PRC. The Group has acquired Jiangyin Grabene so as to expand to this new market segment. The acquisition has been accounted for using acquisition method. The amount of goodwill arising as a result of the acquisition was approximately HK$10,234,000.

Consideration

	HK$'000
Cash consideration	44,321
PG Security Deposit	(14,875)
Contingent payable *(Note)*	12,900
Total	42,346

Note: The fair values of the non-current and current portion of contingent payable as at the acquisition date and as at 30 June 2018 are approximately HK$6,496,000, HK$6,404,000 and HK$6,629,000, HK$6,141,000 respectively. During the year ended 30 June 2018, gain on fair value change of contingent payable of approximately HK$130,000 was recognised in the consolidated statement of profit or loss and other comprehensive income.

The fair values have been determined based on profit forecast projections of Jiangyin Grabene with reference to valuations performed by the valuer which were within Level 3 fair value measurements hierarchy as disclosed in Note 29 of the Group's annual consolidated financial statements for the year ended 30 June 2018.

Assets acquired and liabilities recognised at the date of acquisition are as follows:

	HK$'000
Property, plant and equipment	44,420
Prepaid lease payments	41,534
Inventories	740
Trade and other receivables	56,671
Bank balances and cash	5,883
Deferred tax asset	1,451
Trade and other payables	(5,526)
Bank borrowings	(86,787)
	58,386

Goodwill arising on acquisition:

	HK$'000
Consideration	42,346
Add: non-controlling interests (45% interest in Jiangyin Grabene, at proportionate share)	26,274
Less: net assets acquired	(58,386)
Goodwill arising on acquisition	10,234

Net cash outflow on acquisition of Jiangyin Grabene

	HK$'000
Net cash consideration paid	29,446
Less: cash and cash equivalent balances acquired	(5,883)
	23,563

Goodwill arose in the acquisition of Jiangyin Grabene because the cost of the combination included a control premium. The goodwill arising on the acquisition is not expected to be deductible for tax purposes.

Acquisition-related costs amounting to approximately HK$3,842,000 had been excluded from the consideration transferred and have been recognised as an expense during the year ended 30 June 2018, within the administrative expenses in the consolidated statement of profit or loss and other comprehensive income.

Included in the profit for the year is approximately HK$8,240,000 attributable to the additional business generated by Jiangyin Grabene. Revenue for the year includes approximately HK$23,027,000 generated from Jiangyin Grabene.

Had the acquisition been completed on 1 July 2017, total revenue of the Group for the year would have been approximately HK$487,446,000, and profit for the year would have been approximately HK$3,810,000. The pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 July 2017, nor is it intended to be a projection of future results.

In determining the "pro-forma" revenue and profit of the Group had Jiangyin Grabene been acquired at the beginning of the current year, the Directors have calculated depreciation of plant and equipment acquired on the basis of the fair values arising in the initial accounting for the business combination rather than the carrying amounts recognised in the pre-acquisition financial statements.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS MODEL AND STRATEGY

Building maintenance and renovation services

The Group has more than 50 years of experience and knowledge in the building maintenance and renovation industry and has now become one of the major service providers of the industry in Hong Kong. In 1996, the Group was admitted to the Housing Authority's contractor list under the "Building (Maintenance) Group M2 (confirmed status)" category which enables the Group to tender for Housing Authority contracts for building maintenance and renovation works of unlimited value.

Our corporate objective is to create and enhance value for the Shareholders. To attain such objective, the Group strives to maintain stable growth and profitability by obtaining sustainable projects in both public and private sectors. To monitor projects as a main contractor, we have to carry out overall project management and supervision of works conducted by our subcontractors. As a result, the works performed by subcontractors can be ensured to conform to contractual specifications and be completed on time and within budget.

Sales of visible light photocatalysis products

The Group completed the acquisition of 55% equity interest in Jiangyin Grabene in April 2018 which is principally engaged in, amongst other things, research and development, manufacturing, processing, sales, technical advisory and services of visible light photocatalysis products. The Group starts this new business during the Year and recorded revenue and gross profit for this segment.

BUSINESS REVIEW

The Group's principal businesses consist of building maintenance and renovation service in Hong Kong and sales of visible light photocatalysis products in the PRC. All revenue for the Year was derived from building maintenance, renovation services and sales of visible light photocatalysis products.

Building maintenance services

As at 30 June 2018, the Group had 5 building maintenance contracts on hand (including contracts in progress and contracts which are yet to commence) with a notional or estimated contract value of approximately HK$897.0 million. As at 30 June 2017, we had 7 building maintenance contracts on hand with a notional or estimated contract value of HK$640.0 million. During the Year, the Group had completed 3 building maintenance contracts.

Renovation services

As at 30 June 2018, the Group had 5 renovation contracts on hand (including contracts in progress and contracts which are yet to commence) with a notional or estimated contract value of approximately HK$41.8 million. As at 30 June 2017, the Group had 9 renovation contracts on hand with a notional or estimated contact value of HK$138.9 million. During the Year, the Group had completed 9 renovation contracts.

Sales of visible light photocatalysis products

The Group recorded revenue and gross profit of approximately HK$23.0 million and HK$13.2 million respectively.

RECENT DEVELOPMENT

Building maintenance services

During the Year, the Group had been successfully awarded 3 contracts with a notional or estimated contract value of approximately HK$582.4 million. 2 of the newly awarded contracts were commenced during the Year.

The Group had been awarded a new District Term Contract ("DTC") with a notional or estimated contract value of approximately HK$250.2 million for a contract period of 36 months by Housing Authority in May 2018. The project commenced during July 2018.

Renovation services

During the Year, we had been successfully awarded 5 contracts with a notional or estimated contract value of approximately HK$28.9 million. Of the newly awarded contracts, all of them commenced during the Year.

Sales of visible light photocatalysis products

The newly acquired segment of sales of visible light photocatalysis products has contributed approximately HK$23.0 million and HK$8.2 million on total revenue and profit of the Group respectively during the Year. It reflected huge market demand on the visible light photocatalysis products and the sales of the visible light photocatalysis products is profitable. The management believes the sales of visible light photocatalysis products will contribute a significant increase on the revenue of the Group in the following years and the visible light photocatalysis products would become more mature to the public.

PROSPECTS

Looking forward, with continuous spending on infrastructure and residential building works by public sector, we are expecting stable growth in the building and maintenance and renovation contracting service industry in Hong Kong, on which we keep our business focus. Riding on our operating resources and experience, we believe that we can continue to maintain our competitive edge in the industry to capture the market share for building maintenance and renovation contracting services in Hong Kong.

The Group believes that the investment in the graphene photocatalytic technology would bring in potential business opportunity and development in the PRC and it will become the Group's new business focus.

The Board 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. The Board will 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 may be appropriate in order to enhance the long-term growth potential of the Company.

FINANCIAL REVIEW

Revenue

For the Year, the revenue of the Group was approximately HK$466.6 million representing a decrease of approximately HK$46.9 million or 9.1% compared with approximately HK$513.5 million for the year ended 30 June 2017, which is due to a decrease of approximately HK$69.9 million on building maintenance and renovation services offset with the additional revenue of approximately HK$23.0 million from sales of visible light photocatalysis products.

Revenue derived from building maintenance services decreased by approximately HK$16.3 million or 4.4% from approximately HK$367.1 million for the year ended 30 June 2017 to approximately HK$350.8 million for the Year. With the end of a DTC project and commencement of another one DTC project during the Year, revenue is usually less than for those projects, which are at their mid stage.

Revenue derived from renovation services decreased by approximately HK$53.6 million or 36.6% from approximately HK$146.4 million for the year ended 30 June 2017 to approximately HK$92.8 million for the Year. The significant decrease in revenue for renovation segment was mainly attributable to the completion of most of the projects for the conversion of usage of an industrial building during the Year and most of the revenue has already been recognised in prior years.

Revenue derived from the sales of visible light photocatalysis products was approximately HK$23.0 million for the Year.

Gross profit

During the Year, the Group's gross profit amounted to approximately HK$54.9 million (2017: HK$45.2 million) representing an increase of approximately HK$9.7 million which was due to the additional gross profit recorded from sales of visible light photocatalysis products. Gross profit margin for the Year was approximately 11.8% (2017: 8.8%), the increase was consistent with the change in gross profit margin for both building maintenance and renovation segments with the additional gross profit for sales of visible light photocatalysis products as explained below.

Gross profit attributable to building maintenance services for the Year amounted to approximately HK$37.4 million (2017: HK$42.4 million), representing decrease of approximately HK$5.0 million or 11.8% due to the decrease in revenue and the commencement of new DTC project during the Year, which has a lower gross profit margin in the previous project. The Group's gross profit margin for building maintenance services for the Year was approximately 10.7% (2017: 11.5%). The slight decline in gross profit margin for building maintenance services during the Year was attributable to the commencement of new DTC project within lower gross profit margin.

Gross profit attributable to renovation services for the Year amounted to approximately HK$4.3 million (2017: HK$2.8 million), representing an increase of approximately HK$1.5 million or 53.6%. Gross profit margin from renovation services during the Year was approximately 4.6%, which was much higher than the year ended 30 June 2017 of approximately 1.9%. The improvement in gross profit margin was caused by the decrease in contribution from the project for the conversion of usage of an industrial building, which has lower gross margin than other renovation projects.

Gross profit attributable to the sales of visible light photocatalysis products for the year was amounted to approximately HK$13.2 million. Gross profit margin from the sales of visible light photocatalysis products during the Year was approximately 57.4% and it leads to an increase of the overall gross profit of the Group in contrast to the decrease of the total revenue during the Year which was caused by the decrease in revenue from the traditional building maintenance and renovation services.

Other income

During the Year, other income mainly comprised the net income from the sales of construction materials amounted to approximately HK$1.7 million and other income included interest income amounted to approximately HK$0.6 million. For the year of 2017, net income from the sales of construction materials amounted to approximately HK$1.2 million, other income included interest income amounted to approximately HK$0.3 million.

Administrative expenses

Administrative expenses were approximately HK$43.0 million representing an increase of approximately HK$3.2 million or 8.0% compared with approximately HK$39.8 million for the year ended 30 June 2017.

The significantly higher administrative expenses of this year were mainly due to the increase in the operating costs of the Company including but not limited to, the increase in staff cost, office rental charge, the professional and other related fees.

Finance Costs

Finance costs for the Year amounted to approximately HK$1.2 million (2017: HK$0.04 million). The increase was mainly due to the increase in the Group's obligations under financial leases and the bank borrowings.

Income tax

The effective tax rates were approximately 43.6% and 79.9% for the Year and the same year in 2017, respectively. The effective tax rate for the Year was significantly higher than the statutory profits tax rate of 16.5%. It was mainly due to losses generated from the Company, which is not subject to any income tax.

Profit for the Year

The Group recorded profit for the Year of approximately HK$7.4 million, while the Group recorded profit of approximately HK$1.4 million in 2017.

Liquidity, financial resources and capital structure

The Group generally finances its operation through cash from operations and finance leases. As at 30 June 2018, the Group had total cash and bank balances of approximately HK$46.1 million (30 June 2017: HK$40.0 million). As at 30 June 2018, the Group had finance leases approximately HK$1.6 million (30 June 2017: HK$1.9 million). As at 30 June 2018, the Group had bank borrowings approximately HK$90.1 million (30 June 2017: Nil). All the cash and bank balances and finance leases are denominated in HK$ and RMB. As at 30 June 2018, the share capital and equity attributable to owners of the Company amounted to approximately HK$11.2 million and HK$173.9 million respectively (30 June 2017: HK$11.2 million and HK$171.5 million respectively). As at 30 June 2018, bank borrowings for Hong Kong carried at Hong Kong Interbank Offered Rate plus 2.5% which is 3.30% to 3.67% per annum. The bank borrowings for the PRC carried at a fixed interest rate at 6.00% to 6.87%. As at 30 June 2018, the bank borrowing and general banking facilities for Hong Kong were secured by the Group's bank deposits of approximately HK$3.7 million and corporate guarantee given by the Company. The bank borrowings and general banking facilities for PRC were secured and/or guaranteed by the prepaid lease payments and guarantee given by an independent third party.

Foreign exchange risk

The Group operates mainly in Hong Kong and the PRC. Entities within the Group are exposed to foreign exchange risk arising from currency exposures, primarily with respect to HK$ and RMB. Foreign exchange risk arises from the sales, purchases, other future commercial transactions and monetary assets and liabilities that are denominated in a currency that is not the Group's functional currency. The Group does not adopt any formal hedge accounting policy and manages is foreign currency risk by closely monitoring the movements of foreign currency rates. The management will consider to enter into forward currency contracts to reduce these risks.

Gearing ratio

Gearing ratio is calculated based on the total debts divided by the total equity. The gearing ratio was approximately 45.1% and 1.1% as at 30 June 2018 and 30 June 2017, respectively. The increase in gearing ratio is due to the significant increase of bank borrowings during the Year.

Charge over assets of the Group

As at 30 June 2018, the Group had pledged bank deposits of approximately HK$3.7 million (30 June 2017: Nil) to bank to secure the banking facilities granted to the Group. As at 30 June 2018, the Group had motor vehicles amounted to HK$2.8 million held under finance lease (30 June 2017: HK$3.8 million).

Significant investments, acquisitions and disposals of subsidiaries

Save as disclosed in this announcement and the acquisition of 55% equity interest in Jiangyin Grabene, there were no significant investments held, material acquisitions or disposals of subsidiaries and affiliated companies by the Group during the Year.

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 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

At the end of the Year, the Group had provided guarantees to banks in respect of the followings:

	2018	2017
	HK$'000	*HK$'000*
Performance bonds in favor of its clients	**7,408**	—

As at 30 June 2018 approximately HK$7,408,000 (2017: Nil) of performance bonds were given by bank in favour of some of the Group's customers as security for the 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 will be released upon completion of the contract work for the relevant customers.

Save as disclosed above, the Group had no material contingent liabilities as at 30 June 2018 (30 June 2017: Nil).

Employees and remuneration policies

As at 30 June 2018, the Group had approximately 138 employees (2017: 118). 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 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.

DIVIDENDS

The Board does not recommend the payment of final dividend for the Year (2017: Nil).

SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

There is no important events effecting the Group which have occurred since the end of the financial year.

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

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

CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has adopted and complied with 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 Year, the Company has complied with all the Code Provisions of the CG Code except for Code Provision A.2.1.

Code Provision A.2.1 of the CG Code stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual. Currently, Mr. Dai Jian serves as the chairman of the Board and chief executive officer of the Company. This dual roles constitutes a deviation from code provision A.2.1 of the CG Code. The Board is of the view that vesting both roles of Mr. Dai Jian will allow more effective planning and execution of business strategies. As all major decisions will be made in consultation with members of the Board, and there are three independent non-executive Directors on the Board offering independent perspectives, the Board believes that there are adequate safeguards in place to ensure sufficient balance of porters within the Board.

MODEL CODE FOR SECURITIES TRANSACTIONS

Securities Transactions by Directors

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules as a code of conduct of the Company for Directors' securities transactions. The Company has made specific enquiry of all Directors and the relevant employees regarding any non-compliance with the Model Code during the Year, and they have all confirmed that they had fully complied with the required standard set out in the Model Code.

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.

AUDIT COMMITTEE

The Audit Committee was established on 17 December 2014 in compliance with Rule 3.21 of the Listing Rules with written terms of reference in compliance with the CG Code. Our Audit Committee consists of Mr. Guo Biao, Ms. Song Dan and Mr. Chan Foon. Currently, Mr. Chan Foon is the chairman of the Audit Committee.

The Audit Committee has reviewed the Group's audited consolidated financial statements for the Year.

PUBLICATION OF INFORMATION ON THE WEBSITE OF THE STOCK EXCHANGE

This announcement will be published on the respective websites of the Stock Exchange (www.hkex.com.hk) and the Company (www.yat-sing.com.hk). The annual report for the Year containing all the information required by the Listing Rules will be published on the respective websites of the Company and the Stock Exchange and despatched to the Shareholders in due course.

By order of the Board
YAT SING HOLDINGS LIMITED
Mr. Dai Jian
Chairman

Hong Kong, 27 September 2018

As at the date of this announcement, the Board comprises two executive Directors, namely Mr. Dai Jian and Mr. Dai Ming and three independent non-executive Directors, namely Mr. Chan Foon, Mr. Guo Biao and Ms. Song Dan.