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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 2019

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 2019 (the "Year") as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 June 2019

	Notes	**2019**	2018
		HK$'000	*HK$'000*
			(Restated)
Continuing operations			
Revenue	3	**415,529**	443,556
Cost of sales		**(384,558)**	(401,852)
Gross profit		**30,971**	41,704
Other income		**1,839**	2,021
Administrative expenses		**(41,070)**	(37,452)
Finance costs	4	**(251)**	(263)
(Loss) profit before taxation		**(8,511)**	6,010
Income tax expenses	5	**(742)**	(2,841)
(Loss) profit for the year from continuing operations	7	**(9,253)**	3,169

	Note	2019	2018
		HK$'000	*HK$'000*
			(Restated)
Discontinued operation			
(Loss) profit for the year from discontinued operation	6	**(9,185)**	4,244
(Loss) profit for the year		**(18,438)**	7,413
Other comprehensive income (expense) for the year			
Items that will not be reclassified subsequently to profit or loss:			
Fair value changes on financial assets at fair value through other comprehensive income		**(793)**	—
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translating a foreign operation		**(2,189)**	(2,438)
Release of translation reserve upon disposal of a subsidiary		**4,627**	—
		2,438	(2,438)
Total comprehensive (expenses) income for the year		**(16,793)**	4,975
(Loss) profit for the year attributable to:			
Owners of the Company			
— Continuing operations		**(9,270)**	3,114
— Discontinued operation		**(4,140)**	536
		(13,410)	3,650
Non-controlling interests			
— Continuing operations		**17**	55
— Discontinued operation		**(5,045)**	3,708
		(5,028)	3,763
		(18,438)	7,413

	Note	**2019**	2018
		HK$'000	*HK$'000*
			(Restated)
Total comprehensive (expenses) income for the year attributable to:			
Owners of the Company			
— Continuing operations		**(10,063)**	3,114
— Discontinued operation		**(2,799)**	(805)
		(12,862)	2,309
Non-controlling interests			
— Continuing operations		**17**	55
— Discontinued operation		**(3,948)**	2,611
		(3,931)	2,666
		(16,793)	4,975

		2019	2018
Basic and diluted (loss) earnings per share *(HK cents)*	9		
Continuing and discontinued operations		**(0.24)**	0.07
Continuing operations		**(0.17)**	0.06

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2019

	Notes	2019	2018
		HK$'000	*HK$'000*
Non-current assets			
Property, plant and equipment		**4,802**	48,843
Prepaid lease payments		—	38,966
Goodwill		—	10,234
Available-for-sale investment		—	1,974
Financial assets at fair value through other comprehensive income		**1,949**	—
Rental deposit	10	**178**	191
Loan and interest receivable		**9,965**	—
Pledged bank deposits		—	3,727
		16,894	103,935
Current assets			
Inventories		—	1,540
Prepaid lease payments		—	893
Tax recoverable		**433**	—
Consideration receivable	10	**21,400**	—
Trade and other receivables	10	**59,919**	262,659
Contract assets	11	**72,836**	—
Time deposits with original maturity over three months		**10,000**	20,000
Pledged bank deposits		**1,411**	—
Bank balances and cash		**48,172**	46,143
		214,171	331,235
Current liabilities			
Trade and other payables	12	**64,676**	122,325
Contingent payable		—	6,629
Obligations under finance leases — due within one year		**696**	1,437
Bank borrowings		**2,146**	87,997
Tax payable		**267**	2,675
		67,785	221,063
Net current assets		**146,386**	110,172
Total assets less current liabilities		**163,280**	214,107

	2019	2018
	HK$'000	*HK$'000*
Non-current liabilities		
Contingent payable	—	6,141
Obligations under finance leases — due after one year	—	151
Bank borrowings	—	2,146
Long service payment obligations	**432**	326
Deferred tax liabilities	**456**	1,989
	888	10,753
Net assets	**162,392**	203,354
Capital and reserves		
Share capital	**11,189**	11,189
Reserves	**150,568**	162,662
Equity attributable to:		
Owners of the Company	**161,757**	173,851
Non-controlling interests	**635**	29,503
Total equity	**162,392**	203,354

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 Unit 2606, 26th Floor, Singga Commercial Centre, 144-151 Connaught Road West, Hong Kong with effect from 1 March 2019.

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

2. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") 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 amendments to HKFRSs

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

HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers and related Amendments
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts
Amendments to HKAS 28	As part of Annual Improvements to HKFRSs 2014–2016 Cycle
Amendments to HKAS 40	Transfers of Investment Property
HK(IFRIC) Int 22	Foreign Currency Transactions and Advance Consideration

The impact of the adoption of HKFRS 15 Revenue from Contracts with Customers and HKFRS 9 Financial Instruments have been summarised below. The application of other new and amendments to HKFRSs in the current year has had no material impact on the Group's financial performance and position for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

2.1 HKFRS 15 Revenue from Contracts with Customers

HKFRS 15 superseded HKAS 11 Construction Contracts, HKAS 18 Revenue and related interpretations and it applies to all revenue arising from contracts with customers, unless those contracts are in the scope of other standards. The new standard established a five-step model for determining whether, how much and when revenue is recognised. The Group has elected to adopt the modified retrospective approach for contracts with customers that are not completed as at the date of initial application (i.e. 1 July 2018) with the cumulative effect of initially applying HKFRS 15 as an adjustment to the opening balance of retained profits and comparative information is not restated. Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 18 Revenue. Details are described below.

The Group's accounting policies for its revenue streams are disclosed in detail in Note 3 below.

The impact of transition to HKFRS 15 has no impact on the retained profits at 1 July 2018.

The amount of adjustments for each financial statement line item of the consolidated statement of financial position at 1 July 2018 affected by the application of HKFRS 15 is illustrated below. Line items that were not affected by the adjustments have not been included.

	Notes	**Carrying amount previously reported at 30 June 2018** *HK$'000*	**Impact on adoption of HKFRS 15 — Reclassification** *HK$'000*	**Carrying amount as restated (before adoption of HKFRS 9)** at 1 July 2018** *HK$'000*
Trade and other receivables	a,b	262,659	(102,251)	160,408
Contract assets	a,b	—	102,251	102,251

** *The amounts in this column are before the adjustments from the application of HKFRS 9.*

Notes:

(a) In relation to construction contracts previously accounted for under HKAS 18, the Group continues to apply output method in estimating the performance obligations satisfied up to the date of initial application of HKFRS 15. Unbilled revenue of approximately HK$89,211,000 arising from the construction contracts was reclassified from trade and other receivables to contract assets as at 1 July 2018.

(b) At the date of initial application, retention receivables of approximately HK$13,040,000 are conditional on the satisfaction of the service quality by the customers over the period as stipulated in the contracts, and such balances were reclassified from retention money receivables included in trade and other receivable to contract assets as at 1 July 2018.

Disclosure of the estimated impact on the amounts reported in respect of the year ended 30 June 2019 as a result of the adoption of HKFRS 15 on 1 July 2018

The following table summarises the estimated impact of applying HKFRS 15 on the consolidated statement of financial position at 30 June 2019, by comparing the amounts reported under HKAS 18 that were in effect before the change. Line items that were not affected by the adjustments have not been included. The adoption of HKFRS 15 did not have material impact on the Group's loss and other comprehensive expense for the current year.

Impact on the consolidated statement of financial position at 30 June 2019:

	As reported	**Impact of adopting HKFRS 15 — Reclassification**	**Amount without adoption of HKFRS 15****
	HK$'000	*HK$'000*	*HK$'000*
Trade and other receivables	59,919	72,836	132,755
Contract assets	72,836	(72,836)	—

Impact on the consolidated statement of cash flows at 30 June 2019:

	As reported	**Impact of adopting HKFRS 15 — Reclassification**	**Amount without adoption of HKFRS 15****
	HK$'000	*HK$'000*	*HK$'000*
Operating activities			
Decrease in trade and other receivables	27,284	29,415	56,669
Decrease in contract assets	29,415	(29,415)	—

** *The amounts in this column are before the adjustments from the application of HKFRS 9.*

The explanations of the above changes affected in the current year by the application of HKFRS 15 as compared to HKAS 18 are similar to the explanations set out in notes 2.1(a) to (b) above for describing the adjustments made to the consolidated statement of financial position at 1 July 2018 upon adoption of HKFRS 15.

2.2 HKFRS 9 Financial Instruments

HKFRS 9 replaces the provisions of HKAS 39 that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting. The Group has applied HKFRS 9 retrospectively to financial instruments that have not been derecognised at the date of initial application (i.e. 1 July 2018) in accordance with the transition provisions under HKFRS 9, and chosen not to restate comparative information. Differences in the carrying amounts of financial assets on initial application are recognised in investment revaluation reserve as at 1 July 2018.

The Group's accounting policies for the classification and measurement of financial instruments and the impairment of financial assets are disclosed in detail in below.

(i) Classification and measurement of financial instruments

The directors of the Company reviewed and assessed the Group's existing financial assets as at 1 July 2018 based on the facts and circumstances that existed at that date and concluded that the initial application of HKFRS 9 has had the following impact on the Group's financial assets as regards their classification and measurement.

(a) Unlisted equity investments previously classified as available-for-sale investments carried at cost less impairment

The Group had elected to present in other comprehensive income for the fair value changes in respect of the Group's unlisted equity instruments amounting to approximately HK$1,974,000 as they are held for medium or long term strategic purpose, and reclassified them to financial assets at fair value through other comprehensive income ("FVTOCI") upon initial application of HKFRS 9. The Group measures them at fair value at the end of subsequent reporting periods with fair value gains or losses to be recognised as other comprehensive income and accumulated in the investment revaluation reserve, which will not be reclassified to profit or loss when they are derecognised. On initial application of HKFRS 9, a fair value gain of approximately HK$768,000 was adjusted to investment revaluation reserve at 1 July 2018, representing the difference between the previous carrying amount and the fair value at 1 July 2018.

(ii) Loss allowance for expected credit losses ("ECL")

The adoption of HKFRS 9 has changed the Group's accounting for impairment losses for financial assets by replacing HKAS 39's incurred loss model with a forward-looking ECL approach. As at 1 July 2018, the directors of the Company reviewed and assessed the Group's existing financial assets and contract assets for impairment using reasonable and supportable information that is available without undue cost or effort in accordance with the requirement of HKFRS 9.

It is concluded that, as at 1 July 2018, no additional credit loss allowance has been recognised against retained profits as the estimated allowance under ECL model were not significantly different to the impairment losses previously recognised under HKAS 39.

All the financial liabilities have not been impacted by the application of HKFRS 9 and continue to be classified and measured on the same basis as they were under HKAS 39.

(iii) Summary of effects arising from initial application of HKFRS 9

The table below summarises the original measurement categories under HKAS 39 and the new measurement categories under HKFRS 9 for each class of the Group's financial assets and reconciles the carrying amounts of financial assets under HKAS 39 to the carrying amounts under HKFRS 9 on 1 July 2018.

	Notes	Carrying amount at 30 June 2018 (HKAS 39) HK$'000	Adoption of HKFRS 9 — Reclassification HK$'000	Adoption of HKFRS 9 — Remeasurement HK$'000	Carrying amount at 1 July 2018 (HKFRS 9)* HK$'000
Available-for-sale investments					
— Unlisted equity securities in Hong Kong		1,974	(1,974)	—	—
Loans and receivables					
— Trade and other receivables	2.2(i)(a)	241,164	(241,164)	—	—
— Time deposits with original maturity over three months		20,000	(20,000)	—	—
— Rental deposit		191	(191)	—	—
— Pledged bank deposits		3,727	(3,727)	—	—
— Bank balances and cash		46,143	(46,143)	—	—
Financial asset at FVTOCI					
— Unlisted equity securities in Hong Kong	2.2(i)(a)	—	1,974	768	2,742
Financial asset at amortised costs					
— Trade and other receivables		—	241,164	(102,251)	138,913
— Time deposits with original maturity over three months		—	20,000	—	20,000
— Rental deposit		—	191	—	191
— Pledged bank deposits		—	3,727	—	3,727
— Bank balances and cash		—	46,143	—	46,143

* *The amounts in this column are before the adjustments from application of HKFRS 15.*

The table below summarises the impact of transition to HKFRS 9 on retained profits and investment revaluation reserve at 1 July 2018.

	Investment revaluation reserve HK$'000	Retained profits HK$'000
Balance at 30 June 2018 as originally stated	—	86,693
Recognition of fair value gain in respect of the financial assets at FVTOCI	768	—
Balance at 1 July 2018 as restated	768	86,693

There were no financial assets or financial liabilities which the Group had previously designated as at FVTPL under HKAS 39 that were subject to reclassification or which the Group has elected to reclassify upon the application of HKFRS 9. There were no financial assets or financial liabilities which the Group has elected to designate as at FVTPL at the date of initial application of HKFRS 9.

New and revised HKFRSs issued but not yet effective

The Group has not early applied the following new and amendments to HKFRSs and interpretation that have been issued but are not yet effective:

HKFRS 16	Leases[1]
HKFRS 17	Insurance Contracts[4]
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments[1]
Amendments to HKFRS 3	Definition of a Business[3]
Amendments to HKFRS 9	Prepayment Features with Negative Compensation[1]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[5]
Amendments to HKAS 1 and HKAS 8	Definition of Material[2]
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement[1]
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures[1]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015–2017 Cycle[1]

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

2 Effective for annual periods beginning on or after 1 January 2020.

3 Effective for business combinations and asset acquisitions for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1 January 2020.

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

5 Effective for annual periods beginning on or after a date to be determined.

The directors of the Company anticipate that, except as described below, the application of other new and amendments HKFRSs will have no material impact on the results and the financial position of the Group.

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.

As allowed by HKFRS 16, the Group plans to use the practical expedient to grandfather the previous assessment of which existing arrangements are, or contain, leases, The Group will therefore apply the new definition of a lease in HKFRS 16 only to contracts that are entered into on or after the date of initial application.

The Group plans to elect to use the modified retrospective approach for the adoption of HKFRS 16 and will recognise the cumulative effect of the initial application as an adjustment to the opening balance of equity as at 1 July 2019 and will not restate the comparative information. As at 30 June 2019, the Group has non-cancellable operating lease commitments of approximately HK$1,371,000 as disclosed in Note 36 of the Group's annual consolidated financial statements. A preliminary assessment indicates that these arrangements will meet the definition of a lease under HKFRS 16, and hence the Group will recognise a right-of-use asset and a corresponding liability in respect of all these leases unless they qualify for low value or short-term leases upon the application of HKFRS 16. Other than the recognition of lease liabilities and right-of-use assets, the Group expects that the transition adjustments to be made upon the initial adoption of HKFRS 16 will not be material.

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.

During the year ended 30 June 2019, the Company has entered into an agreement to dispose of the 100% interests in Sino Kaiser Limited and its subsidiaries which were previously included in sales of visible light photocatalysis products. The directors of the Company considered such business was classified as discontinued operation during the year ended 30 June 2019. The segment information does not include the discontinued business.

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

i) Building maintenance; and

ii) Renovation

An operating segment regarding the sales of visible light photocatalysis products was discontinued in the current year. The segment information reported below does not include any amounts for the discontinued operation, which are described in more detail in Note 10 of the Group's annual consolidated financial statements.

Segment revenue and results

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

For the year ended 30 June 2019

Continuing operations

	Building maintenance *HK$'000*	**Renovation** *HK$'000*	**Total** *HK$'000*
Segment revenue	**373,190**	**42,339**	**415,529**
Segment profit	**26,742**	**4,229**	**30,971**
Unallocated corporate income			**1,839**
Central administration costs			**(41,070)**
Finance costs			**(251)**
Loss before taxation (continuing operations)			**(8,511)**

For the year ended 30 June 2018 (Restated)

	Building maintenance *HK$'000*	Renovation *HK$'000*	Total *HK$'000*
Segment revenue	350,805	92,751	443,556
Segment profit	37,390	4,314	41,704
Unallocated corporate income			2,021
Central administration costs			(37,452)
Finance costs			(263)
Profit before taxation (continuing operations)			6,010

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 2019. Segment profit represents the profit earned by each segment without allocation of unallocated corporate income, 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 2019 and 2018.

Segment assets and liabilities

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

	2019	2018
	HK$'000	*HK$'000*
		(Restated)
Segment assets		
Building maintenance	**90,325**	99,722
Renovation	**43,278**	81,188
Total segment assets	**133,603**	180,910
Unallocated corporate assets	**76,062**	119,377
	209,665	300,287
Assets relating to discontinued operation	**21,400**	134,883
Total assets	**231,065**	435,170
Segment liabilities		
Building maintenance	**49,510**	66,741
Renovation	**7,934**	32,353
Total segment liabilities	**57,444**	99,094
Unallocated corporate liabilities	**11,229**	112,827
	68,673	211,921
Liabilities relating to discontinued operation	**—**	19,895
Total liabilities	**68,673**	231,816

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, financial assets at fair value through other comprehensive income, rental deposit, certain other receivables, loan and interest receivable, pledged bank deposits, time deposits with original maturity over three months, bank balances and cash and tax recoverable 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.

Geographical information

The Group's revenue from continuing operations from external customers by location of operations is all derived in Hong Kong (place of domicile). Non-current assets of the Group by location of assets are all located in Hong Kong.

Information about major customers

Revenue from customers of the corresponding years contributing over 10% of the total revenue of the Group are as follows:

	2019	2018
	HK$'000	*HK$'000*
Customer A[1]	**329,855**	330,260

[1] Revenue from building maintenance and renovation services.

4. FINANCE COSTS

Continuing operations

	2019	2018
	HK$'000	*HK$'000*
		(Restated)
Interests on:		
Bank borrowings	**197**	195
Obligations under finance leases	**54**	68
	251	263

5. INCOME TAX EXPENSES

Continuing operations

	2019	2018
	HK$'000	*HK$'000*
		(Restated)
Hong Kong Profits Tax:		
Current tax	**852**	2,623
(Over) under-provision in prior years	**(17)**	192
	835	2,815
Deferred taxation	**(93)**	26
	742	2,841

6. DISCONTINUED OPERATIONS

On 20 May 2019, the Company has entered into a sales and purchase agreement with a shareholder of non-controlling interest of Jiangyin Grabene Photocatalytic Technology Co., Ltd. （江陰嘉潤石墨烯光催化技術有限公司） to dispose its wholly owned subsidiary, Sino Kaiser Limited ("Sino Kaiser"). Through this disposal, 100% directly held subsidiary by Sino Kaiser and its 55% indirectly held subsidiary (collectively referred to as the "Disposal Group") were also disposed accordingly, at a cash consideration of HK$42,800,000. The Disposal Group carried out all of the Group's sales of visible light photocatalysis products which represented a separate major line of business of the Group. As a result, it has been presented as a discontinued operation in the consolidated statement of profit or loss and other comprehensive income for the year ended 30 June 2019 and 2018. The disposal was completed on 28 June 2019, on which date control of Disposal Group was passed to the acquirer.

The (loss) profit for the period from the discontinued operation included gain on fair value change on contingent payable of approximately HK$12,770,000.

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

	1/7/2018– 28/6/2019 *HK$'000*	24/4/2018– 30/6/2018 *HK$'000*
Amount of inventories recognised as an expense	**266**	9,825
Staff costs — Salaries, allowances, other benefits and contributions to retirement benefits scheme	**848**	313
Depreciation of property, plant and equipment	**1,892**	295
Amortisation of prepaid lease payments	**1,092**	156
Net exchange losses	**4**	212
Rental income, net of nil direct outgoings	**(391)**	(77)
Bank interest income	**(2)**	(12)

7. (LOSS) PROFIT FOR THE YEAR

(Loss) profit for the year has been arrived at after charging:

Continuing operations

	2019	2018
	HK$'000	*HK$'000*
		(Restated)
Staff costs (including Directors' and chief executive's emoluments)		
— Directors' and chief executive's emoluments	**2,232**	2,269
— Salaries, allowances and other benefits (excluding directors' and chief executive's emoluments)	**38,742**	38,690
— Contributions to retirement benefits schemes (excluding directors' and chief executive's emoluments)	**1,128**	1,188
— Long service payment obligations	**106**	—
Total staff costs	**42,208**	42,147
Auditor's remuneration	**1,102**	932
Depreciation of property, plant and equipment	**1,157**	1,345
Minimum lease payments paid under operating lease in respected of rented premises	**3,933**	4,472

8. DIVIDENDS

No dividend was paid or proposed during the year ended 30 June 2019, nor has any dividend been proposed since the end of reporting period (2018: Nil).

9. (LOSS) EARNINGS PER SHARE

From continuing and discontinued operations

The calculation of basic and diluted (loss) earnings per share attributable to owners of the Company is based on the following data:

	2019	2018
	HK$'000	*HK$'000*
		(Restated)
(Loss) earnings		
(Loss) earnings for the purpose of basic (loss) earnings per share, (loss) profit for the year attributable to owners of the Company		
— from continuing operations	**(9,270)**	3,114
— from discontinued operation	**(4,140)**	536
— from continuing and discontinued operations	**(13,410)**	3,650

	2019	2018
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
Basic and diluted (loss) earnings per share *(HK cents)*		
— from continuing and discontinued operations	**(0.24)**	0.07
— from continuing operations	**(0.17)**	0.06
— from discontinued operation	**(0.07)**	0.01

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 2019 and 2018.

The denominators used are the same as those detailed above for both basic and diluted (loss) earnings per share.

10. RENTAL DEPOSIT AND TRADE AND OTHER RECEIVABLES

The following is an analysis of rental deposit and trade and other receivables at the end of the reporting period:

	At 30 June 2019 *HK$'000*	At 1 July 2018 *HK$'000*	At 30 June 2018 *HK$'000*
Trade receivables	55,535	95,243	184,454
Retention money receivables	—	—	13,040
Advances to subcontractors	2,632	4,366	4,366
Payment in advance	413	17,296	17,296
	58,580	116,905	219,156
Deposits and other receivables	1,517	44,290	44,290
Less: Loss allowance of other receivables	—	(596)	(596)
	1,517	43,694	43,694
Less: Rental deposit shown under non-current assets	(178)	(191)	(191)
	1,339	43,503	43,503
	59,919	160,408	262,659
Consideration receivable	21,400	—	—

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

	2019	2018
	HK$'000	*HK$'000*
Within 90 days	**25,410**	92,482
91 to 180 days	**5,879**	11,403
181 to 365 days	**11,156**	45,036
1 to 2 years	**12,150**	13,063
Over 2 years	**940**	22,470
	55,535	184,454

11. CONTRACT ASSETS

	At 30 June 2019	At 1 July 2018
	HK$'000	*HK$'000*
Analysed as current:		
Unbilled revenue of construction contracts *(Note a)*	**65,935**	89,211
Retention receivables of construction contracts *(Note b)*	**6,901**	13,040
Total contract assets	**72,836**	102,251
Unbilled revenue of construction contracts		
More than 30 days but within 90 days	**65,935**	89,211
Retention receivables of construction contracts		
Due within one year	**5,902**	4,689
Due after one year *(Note c)*	**999**	8,351
	6,901	13,040

Notes:

(a) Unbilled revenue included in contract assets represents the Group's right to receive consideration for work completed but not yet billed because the rights are conditional upon the satisfaction by the customers on the construction work completed by the Group and the work is pending for the certification by the customers. The contract assets are transferred to trade receivables when the rights become unconditional, which is typically at the time the Group obtains the certification of the completed construction work from the customers.

(b) Retention receivables included in contract assets represents the Group's right to receive consideration for work performed and not yet billed because the rights are conditional on the satisfaction of the service quality by the customers over a certain period as stipulated in the contracts. The contract assets are transferred to trade receivables when the rights become unconditional, which is typically at the expiry date of the period for the provision of assurance by the Group on the service quality of the construction work performed by the Group.

(c) The amount was expected to be recovered in more than twelve months from the end of the reporting period but within its normal operating cycle.

12. 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:

	2019	2018
	HK$'000	*HK$'000*
Within 90 days	**21,842**	48,351
91 to 180 days	**9,675**	7,331
181 to 365 days	**5,190**	6,284
1 to 2 years	**5,750**	8,864
Over 2 years	**4,628**	20,965
	47,085	91,795

Trade payables represented payables to subcontractors. The credit terms granted by subcontractors were stipulated in the relevant contracts and the payables were usually due for settlement within seven days after the Group received settlement of corresponding trade receivables. The Group has financial risk management policies in place to ensure that all payables are settled within the credit time frame.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Yat Sing Holdings Limited (the "Company", together with its subsidiaries, the "Group") is a building maintenance and renovation service provider in Hong Kong. All revenue for the year ended 30 June 2019 (the "Year") was derived from building maintenance and renovation services.

Revenue for the Year was approximately HK$415.5 million, representing a decrease of approximately HK$28.1 million or 6.3% when compared to the same period last year of approximately HK$443.6 million (restated). Details for the decrease of the revenue are set out in the financial review.

Building maintenance services

As at 30 June 2019, we had 2 building maintenance contracts on hand with a notional or estimated contract value of approximately HK$522.4 million. As at 30 June 2018, we had 5 building maintenance contracts on hand with a notional or estimated contract value of approximately HK$897.0 million.

Renovation services

As at 30 June 2019, we had 8 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$175.3 million.

As at 30 June 2018, we had 5 renovation contracts on hand with a notional or estimated contract value of approximately HK$41.8 million.

Sales of visible light photocatalysis products

The Group has completed the disposal of the 100% interests in Sino Kaiser Limited and its subsidiaries (collectively referred to as the "Disposal Group") which were included in sales of visible light photocatalysis products on 28 June 2019. Due to the economic recession in PRC and the US-China trade war, there is a significant decrease of the sales of visible light photocatalysis products and the Group disposed the Disposal Group to avoid further loss making on it. Details are set out in the announcements dated 20 May 2019, 11 June 2019, 28 June 2019 and the circular dated 24 June 2019.

As the business of the sales of visible light photocatalysis products was disposed on 28 June 2019, such business was classified as discontinued operation during the Year.

RECENT DEVELOPMENT

Building maintenance services

During the Year, the Group had been successfully awarded a contract with a notional or estimated contract value of approximately HK$250.2 million, which had commenced during the Year.

Renovation services

During the Year, the Group had been successfully awarded 9 renovation contracts with a notional or estimated contract value of approximately HK$151.0 million. 8 of the newly awarded renovation contracts had been commenced during the Year.

FUTURE DEVELOPMENT

With the increasing awarded contracts in renovation services, the prospect of the renovation services is optimistic. We will focus 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$22.4 million or 6.4% from approximately HK$350.8 million for the year ended 30 June 2018 to approximately HK$373.2 million during the Year. The slight increase in revenue during the Year was attributable to the revenue recognised under the two existing projects, which are at their mid stage, more than those projects during the commencement or final stage.

Revenue derived from renovation services decreased by approximately HK$50.5 million or 54.4% from approximately HK$92.8 million for the year ended 30 June 2018 to approximately HK$42.3 million during the Year. The decrease in revenue was mainly contributed by the project for the conversion of usage of an industrial building, which was almost completed during last year and most of the revenue has already been recognised in prior years.

As the sales of visible light photocatalysis products was classified as discontinued operation during the Year, the revenue of the Group does not include the discontinued business.

Gross profit and gross profit margin

During the Year, the Group's gross profit amounted to approximately HK$31.0 million (2018: HK$41.7 million (restated)) on continuing operation, representing a decrease of approximately HK$10.7 million, which is consistent with the decrease in revenue on continuing operation. Gross profit margin for the Year was approximately 7.5% (2018: 9.4% (restated)) on continuing operation. The decrease in gross profit margin was caused by the decrease in the gross profit margin for building maintenance services.

Gross profit attributable to building maintenance services for the Year amounted to approximately HK$26.7 million (2018: HK$37.4 million). The Group's gross profit margin for building maintenance services for the Year was approximately 7.2% (2018: 10.7%). The decline in gross profit margin during the Year was attributable to the commencement of new district term contract project with lower gross profit margin.

Gross profit attributable to renovation services for the Year amounted to approximately HK$4.2 million (2018: HK$4.3 million), representing a slight decrease of approximately HK$0.1 million or 2.3%. Gross profit margin from renovation services during the Year was approximately 9.9%, which was much higher than the year ended 30 June 2018 of approximately 4.6%. 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.

As the sales of visible light photocatalysis products was classified as discontinued operation during the Year, the gross profit of the Group does not include the discontinued business.

Other income

During the Year, other income of the Group mainly comprised the loan interest income amounted to approximately HK$1.2 million and bank interest income amounted to approximately HK$0.4 million on continuing operation. For the year ended 30 June 2018, other income of the Group mainly comprised net income from the sales of construction materials amounted to approximately HK$1.7 million and bank interest income amounted to approximately HK$0.03 million (restated) on continuing operation.

Administrative expenses

Administrative expenses increased by approximately HK$3.6 million or 9.6% on continuing operation from approximately HK$37.5 million (restated) for the same period in 2018 to approximately HK$41.1 million for the Year. The increase was caused by 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 decreased by approximately HK$12,000 or 4.6% on continuing operation from approximately HK$263,000 (restated) for the same period in 2018 to approximately HK$251,000 for the Year, which was mainly comprised the bank borrowings and obligations under finance leases.

Income tax expense

The effective tax rates were approximately −8.7% and 47.3% (restated) on continuing operation for the Year and the same period in 2018, respectively. The significant decrease for the Year was mainly due to the significant decrease on the profit on building maintenance and renovation services for the Year.

(Loss) profit for the year

On continuing operation, the Group recorded loss for the Year by approximately HK$12.5 million or 4 times from approximately profit on HK$3.2 million (restated) for the same period in 2018 to approximately loss on HK$9.3 million for the Year, which was mainly comprised the substantial loss in building maintenance services.

On discontinued operation, the Group recorded the expected loss for the Year by approximately HK$13.4 million or 3 times from approximately profit on HK$4.2 million (restated) for the same period in 2018 to approximately loss on HK$9.2 million for the Year which was disclosed in the circular of the Company dated 24 June 2019.

Liquidity, financial resources and capital structure

The Group generally finances its operation through cash from operations, bank borrowings and finance leases. As at 30 June 2019, the Group had total cash and bank balances of approximately HK$48.2 million (30 June 2018: HK$46.1 million). As at 30 June 2019, the Group had finance leases approximately HK$0.7 million (30 June 2018: HK$1.6 million). As at 30 June 2019, the Group had bank borrowings approximately HK$2.1 million (30 June 2018: HK$90.1 million). All the cash and bank balances, bank borrowings and finance leases are denominated in Hong Kong dollar as at 30 June 2019. As at 30 June 2019, bank borrowings for Hong Kong carried at Hong Kong Interbank Offered Rate plus 2.50% which is 3.30% to 3.67% per annum. As at 30 June 2019, the bank borrowing and general banking facilities were secured and/or guaranteed by the corporate guarantee given by the Company and the Group's pledged bank deposits. As at 30 June 2019, the share capital and equity attributable to owners of the Company amounted to approximately HK$11.2 million and HK$161.8 million respectively (30 June 2018: HK$11.2 million and HK$173.9 million respectively).

Foreign exchange risk

The Group's business operations were conducted in Hong Kong. The transactions, monetary assets and liabilities of the Group were 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 Year.

Gearing ratio

Gearing ratio is calculated based on the total debts divided by the total equity. The gearing ratio was approximately 1.8% and 45.1% as at 30 June 2019 and 30 June 2018, respectively. The decrease in gearing ratio is due to the significant decrease of the bank borrowings during the Year.

Charge over assets of the Group

As at 30 June 2019, the Group had pledged bank deposits of approximately HK$1.4 million (30 June 2018: HK$3.7 million) to bank to secure the banking facilities granted to the Group. As at 30 June 2019, the Group had motor vehicles amounted to HK$1.8 million held under finance lease (30 June 2018: HK$2.8 million).

Significant investments, acquisitions and disposals

On 20 May 2019, the Company entered into a sales and purchase agreement to dispose its wholly owned subsidiary, Sino Kaiser Limited and its subsidiaries at a consideration of HK$42,800,000. Details of the disposal were set out in the announcements dated 20 May 2019, 11 June 2019, 28 June 2019 and the circular dated 24 June 2019.

Save as disclosed above, the Group did not enter into any significant investment, make any material acquisition and disposal of subsidiaries, associates or joint ventures during the year ended 30 June 2019.

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 each reporting year, the Group had provided guarantees to bank in respect of the following:

	2019	2018
	HK$'000	*HK$'000*
Performance bonds in favor of its clients	**2,822**	7,408

As at 30 June 2019, HK$2,822,000 (2018: HK$7,408,000) of performance bonds were given by a bank 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 bank 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 2019 (30 June 2018: nil).

Employees and remuneration policies

As at 30 June 2019, the Group had approximately 95 employees (30 June 2018: 138). 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.

Events after reporting period

There is no important events affecting the Group which have occurred since the end of the Year.

DIVIDENDS

The Board does not recommend the payment of final dividend for the Year (2018: Nil).

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
Dai Jian
Chairman

Hong Kong, 27 September 2019

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.