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YAT SING HOLDINGS LIMITED

日成控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 3708)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2014

INTERIM FINANCIAL RESULTS

The board (the “Board”) of directors (the “Directors”) of Yat Sing Holdings Limited (the “Company”) is pleased to present the unaudited interim condensed consolidated results of the Company and its subsidiaries (the “Group”) for the six months ended 31 December 2014 (the “Period”), together with the comparative figures for the corresponding period in 2013 (the “Previous Period”). These information should be read in conjunction with the prospectus of the Company dated 31 December 2014 (the “Prospectus”).

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME**

FOR THE SIX MONTHS ENDED 31 DECEMBER 2014

		Six months ended	
		31 December	
	<i>Notes</i>	2014	2013
		<i>HK\$'000</i>	<i>HK\$'000</i>
		(Unaudited)	(Unaudited)
Revenue	4	272,581	331,269
Cost of services		(247,583)	(302,246)
		<hr/>	<hr/>
Gross profit		24,998	29,023
Other income		203	51
Administrative expenses		(21,175)	(6,718)
Finance costs	5	(197)	(480)
		<hr/>	<hr/>
Profit before taxation		3,829	21,876
Taxation	6	(2,767)	(3,610)
		<hr/>	<hr/>
Profit and total comprehensive income for the period	7	1,062	18,266
		<hr/> <hr/>	<hr/> <hr/>
Profit and total comprehensive income for the period attributable to:			
Owners of the Company		1,052	18,186
Non-controlling interests		10	80
		<hr/>	<hr/>
		1,062	18,266
		<hr/> <hr/>	<hr/> <hr/>
Earnings per share			
Basic and diluted	9	N/A	N/A
		<hr/> <hr/>	<hr/> <hr/>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2014

	<i>Notes</i>	31 December 2014 HK\$'000 (Unaudited)	30 June 2014 HK\$'000 (Audited)
Non-current assets			
Property, plant and equipment	<i>10</i>	3,055	3,184
Available-for-sale investments		1,974	1,974
		5,029	5,158
Current assets			
Trade and other receivables	<i>11</i>	231,936	259,575
Amount due from a holding company	<i>12</i>	4,927	–
Pledged bank deposits		5,006	5,006
Bank balances and cash		21,690	66,808
		263,559	331,389
Current liabilities			
Trade and other payables	<i>13</i>	171,180	156,881
Amount due to a director	<i>12</i>	–	140
Bank borrowings		19,872	12,646
Obligations under finance leases – due within one year		666	831
Tax payable		6,121	9,164
		197,839	179,662
Net current assets		65,720	151,727
Total assets less current liabilities		70,749	156,885
Non-current liabilities			
Obligation under finance leases – due after one year		297	495
Long service payment obligations		218	218
Deferred tax liabilities		258	258
		773	971
Net assets		69,976	155,914

	<i>Note</i>	31 December 2014 HK\$'000 (Unaudited)	30 June 2014 HK\$'000 (Audited)
Capital and reserves			
Share capital	<i>14</i>	9,790	9,310
Reserves		59,882	145,923
		<hr/>	<hr/>
Equity attributable to:			
Owners of the Company		69,672	155,233
Non-controlling interests		304	681
		<hr/>	<hr/>
Total equity		69,976	155,914
		<hr/> <hr/>	<hr/> <hr/>

1. GENERAL

The Company was incorporated in the Cayman Islands on 17 September 2014 as an exempted company with limited liability under the Companies Law of the Cayman Islands. The shares of the Company have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) on 14 January 2015.

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

2. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange.

Prior to and after the reorganisation, the provision of (a) building maintenance services and (b) renovation services were carried out by Sing Fat Construction Co., Limited (“Sing Fat”). To rationalise the corporate structure in preparation for the listing of the Company’s shares on the Main Board of the Stock Exchange, the Company was incorporated in the Cayman Islands on 17 September 2014 and the Group underwent the reorganisation, as detailed in the paragraph headed “Corporate reorganisation” in Appendix IV to the Prospectus. Upon completion of the reorganisation, the Company became the holding company of Sing Fat on 1 December 2014. The companies that took part in the reorganisation were controlled by the same ultimate equity shareholders, including Mr. Liu Su Ke, Mr. Chan Lo Kin, Mr. Kan Man Hoo, Mr. Kan Yiu Keung, Mr. Kan Yiu Kwok, Mr. Lai Kwan Hin, Mr. Liu Winson Wing Sun and Mr. Yau Shik Fan, Eddy (collectively referred to as the “Controlling Shareholders”) throughout the year ended 30 June 2014 and the six months ended 31 December 2014 or since their respective date of incorporation up to 31 December 2014 where this is a shorter period.

As there was no change in the Controlling Shareholders before and after the reorganisation, the condensed consolidated statements of profit or loss and other comprehensive income, the condensed consolidated statements of changes in equity and the condensed consolidated statements of cash flows of the Group for the six months ended 31 December 2013 and 2014 include the results, changes in equity and cash flows of the companies now comprising the Group as if the current group structure had been in existence and remained unchanged throughout the respective periods or since their respective date of incorporation where this is a shorter period. The condensed consolidated statement of financial position of the Group as at 30 June 2014 has been prepared to present the assets and liabilities of the companies now comprising the Group as if the current group structure had been in existence at that date.

3. PRINCIPAL ACCOUNTING POLICIES

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

Except as described below, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 31 December 2014 are the same as those followed in the preparation of accountant’s report of the Group for the three years ended 30 June 2014 for the inclusion in the Prospectus.

In the current interim period, the Group has applied, for the first time, a new interpretation and certain amendments to Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the HKICPA that are mandatorily effective for the current interim period.

The application of the new interpretation and amendments to HKFRSs in the current interim period has had no material effect on the amounts reported in these condensed consolidated financial statements and/or disclosures set out in these condensed consolidated financial statements.

4. SEGMENT INFORMATION

(a) Segment revenue and results

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

For the six months ended 31 December 2014

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

For the six months ended 31 December 2013

	Building maintenance HK\$'000 (Unaudited)	Renovation HK\$'000 (Unaudited)	Total HK\$'000 (Unaudited)
Segment revenue from external customers	219,218	112,051	331,269
Segment profit	23,695	5,328	29,023
Unallocated corporate income			51
Central administration costs			(6,718)
Finance costs			(480)
Profit before taxation			21,876

(b) Segment assets and liabilities

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

	31 December 2014 HK\$'000 (Unaudited)	30 June 2014 HK\$'000 (Audited)
Segment assets		
Building maintenance	130,738	169,824
Renovation	97,744	89,428
	<hr/>	<hr/>
Total segment assets	228,482	259,252
Unallocated corporate assets	40,106	77,295
	<hr/>	<hr/>
Total assets	268,588	336,547
	<hr/> <hr/>	<hr/> <hr/>
Segment liabilities		
Building maintenance	58,000	71,525
Renovation	89,752	83,226
	<hr/>	<hr/>
Total segment liabilities	147,752	154,751
Unallocated corporate liabilities	50,860	25,882
	<hr/>	<hr/>
Total liabilities	198,612	180,633
	<hr/> <hr/>	<hr/> <hr/>

5. FINANCE COSTS

	Six months ended	
	31 December	
	2014	2013
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Interest on:		
- bank overdrafts and borrowings wholly repayable within five years	185	453
- obligations under finance leases	12	27
	<hr/>	<hr/>
	197	480
	<hr/> <hr/>	<hr/> <hr/>

6. TAXATION

	Six months ended	
	31 December	
	2014	2013
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Current taxation – Hong Kong Profits Tax	<u>2,767</u>	<u>3,610</u>

7. PROFIT FOR THE PERIOD

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

	Six months ended	
	31 December	
	2014	2013
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Bank interest income	(94)	–
Depreciation of property, plant and equipment	264	434
Gain on disposal of property, plant and equipment	(22)	(51)
Listing expense	11,682	–
Minimum lease payment under operating leases	<u>677</u>	<u>189</u>

8. DIVIDENDS

During the six months ended 31 December 2014, a dividend of approximately HK\$86,613,000 (six months ended 31 December 2013: nil) was declared by the Company to its then sole shareholder, of which approximately HK\$79,648,000 and HK\$6,965,000 was settled in December 2014 and January 2015 respectively.

The Directors of the Company do not recommend the payment of an interim dividend for the six months ended 31 December 2014.

9. EARNINGS PER SHARE

As the Company's shares were listed on the Main Board of the Stock Exchange on 14 January 2015, no earnings per share information is presented as its inclusion is not considered meaningful for the purpose of this announcement.

10. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 31 December 2014, the Group acquired a motor vehicle in capital value of approximately HK\$263,000 (six months ended 31 December 2013: nil) under finance lease.

11. TRADE AND OTHER RECEIVABLES

The Group does not have a standardised and universal credit period granted to its customers, and the credit period of individual customer is considered on a case-by-case basis and stipulated in the project contract, as appropriate.

The following is an analysis of trade receivables by age, presented based on the certified report which approximates revenue recognition date.

	31 December 2014 HK\$'000 (Unaudited)	30 June 2014 HK\$'000 (Audited)
0 to 90 days	98,528	110,336
91 to 180 days	16,142	34,610
181 to 365 days	37,856	37,986
1 to 2 years	34,925	44,656
Over 2 years	18,849	718
	<hr/> 206,300 <hr/>	<hr/> 228,306 <hr/>

12. AMOUNT DUE FROM/TO A HOLDING COMPANY/DIRECTOR

As at 31 December 2014, amount of approximately HK\$4,954,000 due from the holding company, Profound Union Limited (“Profound”), was unsecured, interest free and fully settled subsequently.

As at 30 June 2014, amount of approximately HK\$140,000 due to a Director, Mr. Liu Su Ke, was unsecured, interest free and fully settled in the current interim period.

13. TRADE AND OTHER PAYABLES

The following is an analysis of trade payables by age, presented based on the invoice date.

	31 December 2014 HK\$'000 (Unaudited)	30 June 2014 HK\$'000 (Audited)
0 to 90 days	68,582	81,819
91 to 180 days	10,929	13,002
181 to 365 days	26,644	21,270
1 to 2 years	17,849	23,683
Over 2 years	9,710	467
	<hr/> 133,714 <hr/>	<hr/> 140,241 <hr/>

14. SHARE CAPITAL

	Number of Ordinary shares	Nominal value of ordinary shares <i>HK\$'000</i>
Ordinary share of HK\$0.01 each		
Authorised:		
At 17 September 2014 (date of incorporation) (Note a)	38,000,000	380
Increase in the period (Note b)	1,962,000,000	19,620
	<u>2,000,000,000</u>	<u>20,000</u>
At 31 December 2014 (unaudited)		
	<u>2,000,000,000</u>	<u>20,000</u>
Issued and fully paid:		
At 17 September 2014 (date of incorporation) (Note a)	1	–
Shares issued on reorganisation (Note c)	978,949,999	9,790
	<u>978,950,000</u>	<u>9,790</u>
At 31 December 2014 (unaudited)		
	<u>978,950,000</u>	<u>9,790</u>

Notes:

- (a) Upon incorporation, the authorised share capital of the Company was HK\$380,000 divided into 38,000,000 ordinary shares of HK\$0.01 each. One share was allotted and issued nil paid to the subscriber on 17 September 2014, which was then transferred to Profound on the same date.
- (b) Pursuant to the written resolutions passed by the sole shareholder of the Company on 30 November 2014, the authorised share capital of the Company was increased from HK\$380,000 to HK\$20,000,000 by the creation of an additional 1,962,000,000 ordinary shares of HK\$0.01 each.
- (c) Pursuant to the reorganisation and as consideration for the acquisition by the Company of the entire issued share capital of ABO Group Limited (“ABO”) from the Controlling Shareholders, on 1 December 2014, (i) the one nil paid share then held by Profound was credited as fully paid at par, and (ii) 978,949,999 shares, all credited as fully paid at par, were allotted and issued to Profound.
- (d) Subsequently, on 14 January 2015, 139,850,000 ordinary shares of HK\$0.01 each were issued at a price of HK\$0.60 per share pursuant to the share offer of the Company.
- (e) All shares issued rank pari passu in all respects with all shares then in issue.

As the Company was not incorporated prior to 30 June 2014 and the reorganisation was not completed as at 30 June 2014, the share capital of the Group in the condensed consolidated statement of financial position as at 30 June 2014 represented the combined share capital of ABO and Sing Fat attributable to owners of the Company.

15. COMMITMENTS

The Group as lessee

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

	31 December 2014 <i>HK\$'000</i> (Unaudited)	30 June 2014 <i>HK\$'000</i> (Audited)
Within one year	1,123	1,238
In the second to fifth year inclusive	498	1,002
	<u>1,621</u>	<u>2,240</u>

Operating lease payments represent rentals payable by the Group for its office premises. Leases are negotiated and rentals are fixed for a term ranging from one to three years (30 June 2014: two to three years).

16. CONTINGENT LIABILITIES

(a) Contingent liabilities in respect of legal claims

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

(b) Guarantees issued

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

	31 December 2014 <i>HK\$'000</i> (Unaudited)	30 June 2014 <i>HK\$'000</i> (Audited)
Guarantees in respect of performance bonds in favor of its clients	<u>3,128</u>	<u>6,860</u>

As at 31 December 2014 and 30 June 2014, approximately HK\$3,128,000 and HK\$6,860,000 of performance bonds were given by banks in favor of some of the Group's customers as security for the due performance and observance of the Group's obligations under the service contracts entered into between the Group and its customers. If the Group fails to provide satisfactory performance to its customers to whom performance bonds have been given, such customers may demand the banks to pay to them the sum or sums stipulated in such demand. The Group will then become liable to compensate such banks accordingly. The performance bonds will be released upon completion of the contract work for the relevant customers.

17. PLEDGE OF ASSETS

As at 31 December 2014, the Group had pledged bank deposits of approximately HK\$5,006,000 (30 June 2014: HK\$5,006,000) to banks to secure the banking facilities granted to the Group. In addition, the Group's obligations under finance leases were secured by the lessors' title to the leased motor vehicles with carrying value of approximately HK\$1,556,000 and HK\$1,617,000 as at 31 December 2014 and 30 June 2014 respectively.

18. EVENTS AFTER THE REPORTING PERIOD

On 14 January 2015, the Company completed its share offer by issuing a total of 139,850,000 new shares of HK\$0.10 each at an issue price of HK\$0.60 per share. The Company's shares were then listed on the Main Board of the Stock Exchange.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

We are a building maintenance and renovation service provider in Hong Kong. The Group has been a Group M2 (confirmed status) building contractor for maintenance works category granted by the Housing Authority since February 1996. All revenue in the Period was derived from building maintenance and renovation services.

As at 31 December 2014, we had 9 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\$1,612.1 million. As at 31 December 2013, we had 8 building maintenance contracts on hand with a notional or estimated contract value of HK\$1,449.9 million. During the Period, we have completed two building maintenance contracts.

As at 31 December 2014, 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\$667.4 million. As at 31 December 2013, we had 4 renovation contracts on hand with a notional or estimated contract value of HK\$293.4 million. During the Period, we have completed one renovation contract.

The Company was listed on the Main Board of the Stock Exchange on 14 January 2015 (the “Listing Date”) when 139,850,000 new shares had been offered for subscription and 139,850,000 shares for sale, at an offer price of HK\$0.60 per share.

RECENT DEVELOPMENT

During the Period, we have been successfully awarded 4 new building maintenance and 3 new renovation contracts with a notional or estimated contract value of approximately HK\$776.2 million. Of the newly awarded building maintenance contracts, one commenced during the Period with a notional or estimated contract value of approximately HK\$372.6 million and of the newly awarded renovation contracts, one commenced during the Period with a notional or estimated contract value of approximately HK\$25.4 million.

OUTLOOK

Looking forward, we are expecting much 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 growing demands for building maintenance and renovation contracting services in Hong Kong.

FINANCIAL REVIEW

Revenue

For the six months ended 31 December 2014, the unaudited revenue of the Group was approximately HK\$272.6 million representing an approximate 17.7% decrease compared with approximately HK\$331.3 million for the Previous Period. All revenue was derived from building maintenance and renovation services.

Revenue derived from building maintenance services decreased by approximately 26.4% or HK\$57.8 million from approximately HK\$219.2 million for the Previous Period to approximately HK\$161.4 million for the Period. Works orders for 3 building maintenance contracts were no longer issued to our Group during the Period upon the expiration of the contract before the Period, and of the building maintenance contracts won by the Group, one had commenced during the Period.

Revenue derived from renovation services remained at similar levels at approximately HK\$111.1 million for the Period compared with approximately HK\$112.1 million for the Previous Period.

Gross profit

During the Period, our Group's gross profit amounted to approximately HK\$25.0 million (2013: HK\$29.0 million) representing a decrease of approximately HK\$4.0 million or 13.8%. Gross profit attributable to building maintenance services amounted to approximately HK\$19.5 million (2013: HK\$23.7 million), representing a decrease of approximately HK\$4.2 million or 17.7% due to 3 building maintenance contracts expiring during the Period. Gross profit attributable to renovation services during the Period amounted to approximately HK\$5.5 million (2013: HK\$5.3 million), representing an increase of approximately HK\$0.2 million or 3.8%.

Our Group's gross profit margin for building maintenance services for the Period was approximately 12.1% (2013: 10.8%). The improvement in gross profit margin in this segment over the Previous Period was attributable to the improved quotation and higher margins charged by the Group on new contracts accepted by our clients. Gross margin percentage from renovation services during the Period was approximately 5.0%, which is similar to the Previous Period of approximately 4.7%.

Administrative expenses

Administrative expenses increased by approximately HK\$14.5 million from approximately HK\$6.7 million for the Previous Period to approximately HK\$21.2 million for the Period, mainly due to professional fees related to the Company's initial public offering (the "IPO") of approximately HK\$11.7 million, as well as an increase in salaries and wages and other administrative expenses.

Finance costs

Finance costs for the Period decreased by approximately HK\$0.3 million from approximately HK\$0.5 million for the Previous Period to approximately HK\$0.2 million for the Period. The decrease was mainly due to the decrease in the Group's obligations under financial leases and the decrease in weighted average interest rate on bank borrowings.

Income tax

The effective tax rates were approximately 72.3% and 16.5% for the Period and Previous Period, respectively. The effective tax rates for the Period were significantly higher than the statutory profits tax rate of 16.5% due to the professional fees related to the IPO of approximately HK\$11.7 million, which were non-tax deductible expenses.

Profit for the period

The Group's profit for the Period decreased by approximately HK\$17.2 million from approximately HK\$18.3 million for the Previous Period to approximately HK\$1.1 million for the Period. Such decrease was mainly attributed to the recognition of the expenses of approximately HK\$11.7 million in relation to the Listing during the six months ended 31 December 2014 and the decrease in revenue due to completion of some building maintenance projects. No expense related to the Company's listing was required to be recognised for the six months ended 31 December 2013.

Liquidity, financial resources and capital structure

The Group generally finances its operation mainly through cash from operations and bank borrowings. As at 31 December 2014, the Group had total cash and bank balances of approximately HK\$21.7 million (30 June 2014: HK\$66.8 million). Bank borrowings as at 31 December 2014 amounted to approximately HK\$19.9 million (30 June 2014: HK\$12.6 million).

As at 31 December 2014, the share capital and equity attributable to owners of the Company amounted to approximately HK\$9.8 million and HK\$69.7 million respectively (30 June 2014: approximately HK\$9.3 million and HK\$155.2 million respectively).

Capital commitments

As at 31 December 2014 and 30 June 2014, the Group had outstanding commitments in respect of future minimum lease payments under non-cancellable lease of approximately HK\$1.6 million and HK\$2.2 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 mainly denominated in Hong Kong dollar. During the six months ended 31 December 2014, there was no material impact to the Group arising from the fluctuation in the foreign exchange rates between the currencies. The Group did not engage in any derivatives agreement and did not commit to any financial instruments to hedge its foreign exchange exposure during the six months ended 31 December 2014.

Gearing ratio

Gearing ratio is calculated based on the total debts divided by the total equity. The gearing ratio was approximately 38.9% and 15.1% as at 31 December 2014 and 30 June 2014, respectively. The increase in gearing ratio is due to increase in bank borrowings and decrease in total equity during the Period.

Charge over assets of the Group

As at 31 December 2014 and 30 June 2014, the Group has pledged bank deposits of approximately HK\$5.0 million and HK\$5.0 million, respectively to banks to secure the banking facilities granted to the Group.

Contingent liabilities

One subsidiary of the Company 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.

Save as disclosed above, the Group had no material contingent liabilities as at 31 December 2014 (30 June 2014: nil).

Employees and remuneration policies

As at 31 December 2014, the Group had approximately 127 employees (30 June 2014: 116). The staff related costs included salaries, wages and other staff benefits, contributions to retirement schemes, provisions for staff long service payment and untaken paid leave. The Group recruits and promotes individuals based on their performance and development potential in the positions held. In order to attract and retain high quality staff and to enable smooth operations within the Group, the Group offered competitive remuneration packages (with reference to market conditions and individual qualifications and experience) and various in-house training courses. The remuneration packages were subject to review on a regular basis. The emoluments of the Directors and senior management were 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.

INTERIM DIVIDEND

The Directors do not recommend the payment of dividend for the six months ended 31 December 2014 (six months ended 31 December 2013: nil).

EVENTS AFTER THE REPORTING PERIOD

On 14 January 2015, the shares of our Company were successfully listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) with stock code 3708 (the “Listing”).

Use of proceeds obtained from the Listing

The Group intends to apply the net proceeds to (i) bridge the timing difference in progress payment of the funding requirements for 1 renovation and 1 maintenance building terms contract that our Company will bid for, (ii) our renovation project involving renovation and conversion of an industrial building from industrial use to hotel and (iii) our Group’s general working capital. As during the Period, the Company was not yet listed, no proceeds were received and used. As at the date of this announcement, the cash proceeds received from the Listing has not been applied.

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

The shares of the Company were listed on the Main Board of the Stock Exchange on 14 January 2015. As the shares of the Company had not yet been listed on the Stock Exchange as at 31 December 2014, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company’s listed securities during the six months ended 31 December 2014.

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company’s listed securities after the Listing Date and up to the date of this announcement.

CORPORATE GOVERNANCE PRACTICES

As the Company was listed on 14 January 2015, the Company was not required to comply with the requirements under the code provisions set out in Appendix 14 – Corporate Governance Code (the “Code”) to the Listing Rules or the continuing obligations requirements of a listed issuer pursuant to the Listing Rules for the six months ended 31 December 2014. Having said that, the Directors consider that since the Listing Date and up to the date of this announcement, the Company has complied with all the applicable code provisions set out in the Code.

COMPLIANCE WITH MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) set out in Appendix 10 of the Listing Rules. Upon enquiry by the Company, all the Directors have confirmed that they have complied with the required standards set out in the Model Code from the Listing date up to the date of this announcement.

AUDIT COMMITTEE

The Company has an audit committee (the “Audit Committee”) with terms of reference aligned with the provision of the Code as set out in Appendix 14 to the Listing Rules for the purpose of reviewing and providing supervision on the financial reporting process and internal controls of the Group. The Audit Committee of the Group consists of three independent non-executive Directors, namely Ms. TONG Sze Wan, Mr. KWONG Ping Man and Mr. LAM Yiu Por. The interim financial results of the Group for the six months ended 31 December 2014 are unaudited but have been reviewed by the Audit Committee, which was of the opinion that the preparation of such results complied with the applicable accounting standards and requirements as well as the Listing Rules and that adequate disclosures have been made. The Audit Committee has also reviewed this announcement.

The results for the current interim period have been reviewed by our auditor, SHINEWING (HK) CPA Limited, in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong institute of Certified Public Accountants.

By order of the Board
LIU Winson Wing Sun
Chairman

Hong Kong, 26 February 2015

As at the date of this announcement, the Board of the Company consists of Mr. LIU Winson Wing Sun as chairman and executive director, Mr. KAN Yiu Keung as chief executive officer and executive director and Mr. CHAN Lo Kin as executive director, Mr. LIU Su Ke and Mr. KAN Yiu Kwok as non-executive directors and Ms. TONG Sze Wan, Mr. LAM Yiu Por and Mr. KWONG Ping Man as independent non-executive directors.