

YAT SING HOLDINGS LIMITED

日成控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 3708



Interim Report 2014

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CORPORATE INFORMATION

Directors

Executive Directors:

Mr. LIU Winsong Wing Sun (Chairman)
Mr. KAN Yiu Keung
Mr. CHAN Lo Kin

Non-executive Directors:

Mr. LIU Su Ke
Mr. KAN Yiu Kwok

Independent non-executive Directors:

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

Audit Committee

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

Nomination Committee

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

Remuneration Committee

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

Company Secretary

Ms. SO Hau Kit

Authorised Representatives

Mr. LIU Winsong Wing Sun
Mr. CHAN Lo Kin

Independent Auditors

SHINEWING (HK) CPA Limited

Compliance Adviser

TC Capital Asia Limited

Legal Adviser

As to Hong Kong Law
Loong & Yeung

Registered Office in the Cayman Islands

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

Headquarters

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

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

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

Principal Share Registrar and Transfer Office in the Cayman Islands

Appleby Trust (Cayman) Ltd.
Clifton House
75 Fort Street
PO Box 1350
Grand Cayman
KY1-1108
Cayman Islands

Branch Share Registrar and Transfer Office in Hong Kong

Union Registrars Limited
A18/F, Asia Orient Tower
Town Place, 33 Lockhart Road
Wanchai
Hong Kong

Principal Bankers

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

China Construction Bank Corporation
Tsim Sha Tsui Commercial Banking Office

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

Company Website

www.yat-sing.com.hk

Stock Code

03708

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Yat Sing Holdings Limited (the “Company”, together with its subsidiaries, the “Group”, “we” or “us”) is a building maintenance and renovation service provider in Hong Kong. We have been a Group M2 (confirmed status) building contractor for maintenance works category granted by the Housing Authority since February 1996. All revenue in the six months ended 31 December 2014 (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 of Hong Kong Limited (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 (the “Listing”).

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. Relying 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 six months ended 31 December 2013 (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.

MANAGEMENT DISCUSSION AND ANALYSIS

Gross profit

During the Period, the 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%.

The 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 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).

MANAGEMENT DISCUSSION AND ANALYSIS

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.

Significant investments, acquisitions and disposals

Apart from the reorganisation in relation to the Listing, there were no significant investments held, material acquisitions or disposals of subsidiaries and affiliated companies by the Group during the six months ended 31 December 2014. Save for the business plan as disclosed in the prospectus of the Company dated 31 December 2014 (the "Prospectus"), there was no plan for material investments or capital assets as at 31 December 2014.

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 of the Company (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 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 of Directors (the "Board").

MANAGEMENT DISCUSSION AND ANALYSIS

INTERIM DIVIDEND

The Directors do not recommend the payment of an interim 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 with stock code 3708.

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 report, the cash proceeds received from the Listing has not been applied.

CORPORATE GOVERNANCE AND OTHER INFORMATION

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

As the shares of the Company (the "Shares") were listed on the Stock Exchange on 14 January 2015, the Company was not required to keep any register under Part XV of the Securities and Futures Ordinance ("SFO") as at 31 December 2014.

Immediately after the Listing, the interests and short positions of the Directors and chief executive of the Company in the Shares, underlying shares and debentures of the Company or any of the associated corporations (within the meaning of Part XV of the SFO) which, once the Shares are listed on the Stock Exchange, will have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including any interest or short positions which they are taken or deemed to have under such provisions of the SFO) or will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or will be required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies (the "Model Code") in the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), to be notified to the Company and the Stock Exchange, in each case once the Shares are listed on the Stock Exchange, will be as follows:

(i) Long position in the Shares

Name of Director	Capacity/Nature	Number of Shares held/interested	Percentage of interest
Liu Su Ke	Interest of a controlled corporation (<i>Note 1</i>)	839,100,000	75%

(ii) Long position in the ordinary shares of associated corporation

Name of Director	Name of associated corporation	Capacity/Nature	Number of Shares held/interested	Percentage of interest (<i>approximately</i>)
Liu Su Ke	Profound Union Limited ("Profound")	Beneficial owner	18,058	40.31%
Liu Winson Wing Sun	Profound	Beneficial owner	2,500	5.58%
Kan Yiu Keung	Profound	Beneficial owner	5,000	11.16%
Kan Yiu Kwok	Profound	Beneficial owner	5,000	11.16%

Note:

1. These Shares are held by Profound, the entire issued share capital of which is legally and beneficially owned as to approximately 40.31% by Mr. Liu Su Ke, approximately 14.52% by Mr. Lai Kwan Hin, approximately 11.16% by Mr. Kan Yiu Keung, approximately 11.16% by Mr. Kan Yiu Kwok, approximately 6.42% by Mr. Kan Man Hoo, approximately 5.08% by Mr. Yau Shik Fan, Eddy, approximately 5.58% by Mr. Liu Winson Wing Sun and approximately 5.04% by Mr. Chan Lo Kin. Therefore, Mr. Liu Su Ke is deemed, or taken to be, interested in all Shares held by Profound for the purpose of the SFO. Each of Mr. Liu Winson Wing Sun, Mr. Liu Su Ke, Mr. Chan Lo Kin and Mr. Kan Yiu Keung is a director of Profound.

CORPORATE GOVERNANCE AND OTHER INFORMATION

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

As the Shares were listed on the Stock Exchange on 14 January 2015, the Company was not required to keep any register under Part XV of the SFO as at 31 December 2014.

Immediately after the Listing, so far as is known to the Directors, the following persons (not being a Director or chief executive of the Company) have interest or short position in Shares or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provision of Divisions 2 and 3 of Part XV of the SFO or which would be required, pursuant to Section 336 of the SFO, to be entered in the register referred to therein:

Name	Capacity/Nature of interest	Number of Shares held/interested	Percentage of interest
Profound	Beneficial owner	839,100,000	75%
Ho Fung Chun	Interest of Spouse (<i>Note 1</i>)	839,100,000	75%

Note:

- Ms. Ho Fung Chun is the spouse of Mr. Liu Su Ke. Accordingly, Ms. Ho Fung Chun is deemed, or taken to be, interested in all Shares in which Mr. Liu Su Ke is interested in for the purpose of the SFO.

SHARE OPTION SCHEME

The share option scheme of the Company (the "Share Option Scheme") has been adopted by the by way of shareholder's written resolution passed on 18 December 2014 for the purpose of attracting and retaining the best available personnel, to provide additional incentive to employees (full-time and part-time), directors, consultants, advisers, distributors, contractors, suppliers, agents, customers, business partners or service providers of the Group and to promote the success of the businesses of the Group. The terms of the Share Option Scheme are in accordance with the provisions of Chapter 17 of the Listing Rules and are summarised in Appendix IV to the Prospectus.

There is no option outstanding, granted, exercised, cancelled and lapsed from the date of adoption of the Share Option Scheme to 31 December 2014.

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 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 Period.

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 report.

COMPETING INTERESTS

The Directors confirm that none of the controlling shareholders of the Company or the Directors and their respective close associates (as defined in the Listing Rules) is interested in any business apart from the business operated by the Group which competes or is likely to compete, directly or indirectly, with the Group's business.

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 report, the Company has complied with all the applicable code provisions set out in the Code.

CORPORATE GOVERNANCE AND OTHER INFORMATION

COMPLIANCE WITH MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code. 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 report.

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 report.

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.

NOMINATION COMMITTEE

The nomination committee of the Company, established on 18 December 2014, comprises of two independent non-executive Directors, Ms. TONG Sze Wan and Mr. KWONG Ping Man and one executive Director, Mr. LIU Winson Win Sun.

REMUNERATION COMMITTEE

The remuneration committee of the Company, established on 18 December 2014, comprises of two independent non-executive Directors, Mr. LAM Yiu Por, Ms. TONG Sze Wan and one executive Director, Mr. CHAN Lo Kin.

By order of the Board
LIU Winson Wing Sun
Chairman

Hong Kong, 26 February 2015

REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS



SHINEWING (HK) CPA Limited
43/F, The Lee Gardens
33 Hysan Avenue
Causeway Bay, Hong Kong

TO THE BOARD OF DIRECTORS OF YAT SING HOLDINGS LIMITED

日成控股有限公司

(incorporated in the Cayman Islands with limited liability)

Introduction

We have reviewed the condensed consolidated financial statements of Yat Sing Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 11 to 24, which comprise the condensed consolidated statement of financial position as of 31 December 2014 and the related condensed consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended, and certain explanatory notes. The Main Board Listing Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" ("HKAS 34") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with HKAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of Review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA. A review of these condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

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

Other Matters

Without qualifying our review conclusion, we draw attention to the fact that the comparative condensed consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six-month period ended 31 December 2013 and the relevant explanatory notes included in these condensed consolidated financial statements have not been reviewed in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity".

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

26 February 2015

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 31 December 2014

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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2014

	Notes	31 December 2014 HK\$'000 (Unaudited)	30 June 2014 HK\$'000 (Audited)
Non-current assets			
Property, plant and equipment	10	3,055	3,184
Available-for-sale investments		1,974	1,974
		5,029	5,158
Current assets			
Trade and other receivables	11	231,936	259,575
Amount due from a holding company	12	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	13	171,180	156,881
Amount due to a director	12	–	140
Bank borrowings	14	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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)*As at 31 December 2014*

	<i>Note</i>	31 December 2014 HK\$'000 (Unaudited)	30 June 2014 HK\$'000 (Audited)
Capital and reserves			
Share capital	15	9,790	9,310
Reserves		59,882	145,923
Equity attributable to:			
Owners of the Company		69,672	155,233
Non-controlling interests		304	681
Total equity		69,976	155,914

The condensed consolidated financial statements on pages 11 to 24 were approved and authorised for issue by the board of directors on 26 February 2015 and are signed on its behalf by:

LIU Winson Wing Sun
Director

CHAN Lo Kin
Director

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY*For the six months ended 31 December 2014*

	Attributable to owners of the Company					
	Share capital	Other reserve	Retained profits	Total	Non-controlling interests	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		(Note)				
At 1 July 2014 (audited)	9,310	-	145,923	155,233	681	155,914
Profit and total comprehensive income for the period	-	-	1,052	1,052	10	1,062
Dividend recognised as distribution (note 8)	-	-	(86,613)	(86,613)	(387)	(87,000)
Elimination of share capital on group reorganisation	(9,310)	9,310	-	-	-	-
Shares issued on group reorganisation	9,790	(9,790)	-	-	-	-
At 31 December 2014 (unaudited)	9,790	(480)	60,362	69,672	304	69,976
At 1 July 2013 (audited)	9,310	-	181,931	191,241	844	192,085
Profit and total comprehensive income for the period	-	-	18,186	18,186	80	18,266
At 31 December 2013 (unaudited)	9,310	-	200,117	209,427	924	210,351

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

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS*For the six months ended 31 December 2014*

	Six months ended 31 December	
	2014 HK\$'000 (Unaudited)	2013 HK\$'000 (Unaudited)
Net cash from operating activities	33,493	40,235
Net cash used in investing activities	(4,683)	(4,080)
Financing activities		
Dividend paid	(80,191)	–
Repayments of bank borrowings	(4,424)	(15,634)
New bank loans raised	11,650	17,760
Other financing cash flows	(963)	(5,082)
Net cash used in financing activities	(73,928)	(2,956)
Net (decrease) increase in cash and cash equivalents	(45,118)	33,199
Cash and cash equivalents at the beginning of the period	66,808	6,377
Cash and cash equivalents at the end of the period, represented by bank balances and cash	21,690	39,576

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 December 2014

1. GENERAL

Yat Sing Holdings Limited (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 its subsidiaries (together with the Company, referred to as 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 Company's prospectus dated 31 December 2014.

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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)*For the six months ended 31 December 2014***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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)*For the six months ended 31 December 2014***4. SEGMENT INFORMATION (CONTINUED)****(b) Segment assets and liabilities**

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

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

5. FINANCE COSTS

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 31 December 2014

6. TAXATION

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

7. PROFIT FOR THE PERIOD

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

	Six months ended 31 December	
	2014 HK\$'000 (Unaudited)	2013 HK\$'000 (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	677	189

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 report.

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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 31 December 2014

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
	206,300	228,306

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
	133,714	140,241

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)*For the six months ended 31 December 2014***14. BANK BORROWINGS**

	31 December 2014 HK\$'000 (Unaudited)	30 June 2014 HK\$'000 (Audited)
Carrying amount repayable within one year	11,735	8,260
Carrying amount of bank loans that are not repayable within one year from the end of each reporting period but contain a repayment on demand clause	8,137	4,386
Amounts shown under current liabilities	19,872	12,646

As at 31 December 2014, bank borrowings bore floating interest rates from 2.60% to 4.00% (30 June 2014: 2.75% to 4.00%) per annum.

As at 31 December 2014 and 30 June 2014, the bank borrowings and general banking facilities were secured and/or guaranteed by:

- the Group's bank deposits as disclosed in note 19; and
- personal guarantee given by the Company's directors, Mr. Liu Winson Wing Sun, Mr. Kan Yiu Keung, Mr. Chan Lo Kin, Mr. Liu Su Ke and Mr. Kan Yiu Kwok, and a related party, Mr. Kan Man Hoo; and
- guarantee given by Hong Kong Mortgage Corporation Limited under the SME Financing Guarantee Scheme.

As at 30 June 2014, the general banking facilities were also secured by properties held by a related company, Gain Line Engineering Limited, of which certain directors of the Company are beneficial shareholders and directors.

15. SHARE CAPITAL

Ordinary share of HK\$0.01 each	Number of ordinary shares	Nominal value of ordinary shares HK\$'000
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
At 31 December 2014 (unaudited)	2,000,000,000	20,000
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
At 31 December 2014 (unaudited)	978,950,000	9,790

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 31 December 2014

15. SHARE CAPITAL (CONTINUED)

Notes:

- (a) Upon incorporation, the authorised share capital of the Company was HK\$380,000 divided into 38,000,000 ordinary shares of HK\$0.01 each. One share was allotted and issued nil paid to the subscriber on 17 September 2014, which was then transferred to Profound 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.

16. SHARE OPTION SCHEME

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

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

No share options are granted since the adoption of the share option scheme and there are no outstanding share options as at 31 December 2014.

17. 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 HK\$'000 (Unaudited)	30 June 2014 HK\$'000 (Audited)
Within one year	1,123	1,238
In the second to fifth year inclusive	498	1,002
	1,621	2,240

Operating lease payments represent rentals payable by the Group for its office premises. As at 31 December 2014, leases are negotiated and rentals are fixed for a term ranging from one to three years (30 June 2014: two to three years).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 31 December 2014

18. 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 HK\$'000 (Unaudited)	30 June 2014 HK\$'000 (Audited)
Guarantees in respect of performance bonds in favor of its clients	3,128	6,860

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.

19. 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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 31 December 2014

20. RELATED PARTY TRANSACTIONS

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

Related party	Nature of transaction	Six months ended 31 December	
		2014 HK\$'000 (Unaudited)	2013 HK\$'000 (Unaudited)
Chung Tat Construction Co., Limited	Subcontracting fee paid to related party	1,939	23,165
Mega Billion Investment Limited	Rental of office from related party	450	–
General Top Holdings Limited	Rental of motor vehicle from related party	56	56

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

- (b) Compensation of key management personnel

The remuneration of key management personnel of the Group during the period was as follows:

	Six months ended 31 December	
	2014 HK\$'000 (Unaudited)	2013 HK\$'000 (Unaudited)
Salaries, allowances and other benefits	1,704	1,227
Contributions to retirement benefits scheme	44	38
	1,748	1,265

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

21. MAJOR NON-CASH TRANSACTIONS

During the six months ended 31 December 2014, the Group entered into finance lease arrangement in respect of a motor vehicle with capital value at the inception of the lease of approximately HK\$263,000 (six months ended 31 December 2013: nil).

22. 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.