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Yield Go Holdings Ltd.
耀高控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1796)

**ANNOUNCEMENT OF ANNUAL RESULTS
FOR THE YEAR ENDED 31 MARCH 2019**

FINANCIAL HIGHLIGHTS

- Revenue of the Group for the year ended 31 March 2019 amounted to approximately HK\$669.8 million (FY2018: approximately HK\$560.3 million).
- Gross profit margin for the year ended 31 March 2019 was at approximately 12.0% which was similar to the corresponding year ended 31 March 2018 (FY2018: approximately 11.0%).
- Profit before income tax of the Group for the year ended 31 March 2019 was approximately HK\$46.1 million (FY2018: approximately HK\$46.9 million).
- Profit attributable to owners of the Company for the year ended 31 March 2019 amounted to approximately HK\$36.0 million (FY2018: approximately HK\$38.6 million).
- Basic and diluted earnings per share for the year ended 31 March 2019 amounted to approximately HK9.22 cents (FY2018: approximately HK10.72 cents).
- The Board has proposed a final dividend of HK8.00 cents per ordinary share for the year ended 31 March 2019 (FY2018: Nil).

The board (the “**Board**”) of directors (the “**Directors**”) of Yield Go Holdings Ltd. (the “**Company**”) is pleased to present the audited consolidated financial results of the Company and its subsidiaries (collectively, the “**Group**”) for the year ended 31 March 2019 (the “**Review Year**”), together with the comparative figures for the corresponding year ended in 31 March 2018 (the “**FY2018**”). The information contained in this announcement should be read in conjunction with the prospectus of the Company dated 13 December 2018 (the “**Prospectus**”).

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2019

	<i>Notes</i>	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Revenue	4	669,780	560,283
Direct costs		<u>(589,352)</u>	<u>(498,849)</u>
Gross profit		80,428	61,434
Other income and gains/(losses) – net	5	62	56
Administrative and other operating expenses		(32,531)	(12,912)
Finance costs	6	<u>(1,828)</u>	<u>(1,657)</u>
Profit before income tax	7	46,131	46,921
Income tax expense	8	<u>(10,168)</u>	<u>(8,327)</u>
Profit and total comprehensive income for the year attributable to owners of the Company		<u>35,963</u>	<u>38,594</u>
Earnings per share attributable to owners of the Company			
Basic and diluted earnings per share	10	<u>HK9.22 cents</u>	<u>HK10.72 cents</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2019

	Notes	2019 HK\$'000	2018 HK\$'000
Non-current assets			
Property, plant and equipment		150	262
Deferred tax assets		36	–
		<u>186</u>	<u>262</u>
Current assets			
Contract assets		242,744	94,457
Trade and other receivables	11	43,615	39,122
Cash and bank balances		50,472	26,766
Restricted cash	12	3,037	–
		<u>339,868</u>	<u>160,345</u>
Total assets		<u>340,054</u>	<u>160,607</u>
Current liabilities			
Contract liabilities		–	16,009
Trade and other payables	13	95,259	38,718
Amount due to a director		–	1,293
Bank borrowings		25,087	33,604
Current income tax liabilities		4,966	1,959
		<u>125,312</u>	<u>91,583</u>
Net current assets		<u>214,556</u>	<u>68,762</u>
Total assets less current liabilities		<u>214,742</u>	<u>69,024</u>
Net assets		<u>214,742</u>	<u>69,024</u>
Equity attributable to owners of the Company			
Capital and reserves			
Share capital	14	4,800	200
Reserves		209,942	68,824
Total equity		<u>214,742</u>	<u>69,024</u>

NOTES

1. GENERAL INFORMATION

The Company is an investment holding company. The Group is principally engaged in fitting-out services and supply of fitting-out materials.

The Company was incorporated in the Cayman Islands on 9 May 2018 as an exempted company with limited liability under the Companies Law of the Cayman Islands and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) with effect from 31 December 2018.

As at 31 March 2019, its parent and ultimate holding company is Hoi Lang Holdings Ltd. (“**Hoi Lang**”), a company incorporated in the British Virgin Islands (the “**BVI**”) and owned by Mr. Man Hoi Yuen (“**Mr. Man**”), Ms. Ng Yuen Chun (“**Mrs. Man**”), spouse of Mr. Man and Mr. Ho Chi Hong (“**Mr. Ho**”).

The addresses of the registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands and the principal place of business of the Company is Unit 8, 39/F, Cable TV Tower, No. 9 Hoi Shing Road, Tsuen Wan, New Territories, Hong Kong.

The consolidated financial statements are presented in Hong Kong dollars (“**HK\$**”), which is the same as the functional currency of the Company. All values are rounded to the nearest thousands (“**HK\$’000**”), except when otherwise indicated.

Prior to the corporate reorganisation undertaken in preparation for the listing of the Company’s shares on the Main Board of the Stock Exchange (the “**Reorganisation**”), the group entities were under the control of Mr. Man and Mrs. Man. Through the Reorganisation, the Company became the holding company of the companies comprising the Group on 18 December 2018. Accordingly, for the purpose of the preparation of the consolidated financial statements of the Group, the Company has been considered as the holding company of the companies comprising the Group after the Reorganisation throughout the years presented.

The consolidated financial statements have been prepared as if the Company had been the holding company of the Group throughout the years presented in accordance with Accounting Guideline 5 “*Merger Accounting for Common Control Combinations*” issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”). The consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the years presented, which include the results, changes in equity and cash flows of the companies comprising the Group after the Reorganisation, have been prepared as if the current group structure had been in existence throughout the years presented, or since their respective dates of incorporation, where this is a shorter period.

2. BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“**HKASs**”) and Interpretations) issued by the HKICPA, accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except otherwise stated.

3. ADOPTION OF NEW AND AMENDED HKFRSS

3.1 New and amended standards adopted by the Group

The Group has adopted the following new and revised HKFRSs for the first time in the current year:

HKFRS 9	Financial Instruments
Amendments to HKFRS 1 and HKAS 28	As part of the Annual Improvements to HKFRSs 2014–2016 Cycle
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 40 HK(IFRIC)-Int 22	Transfers of Investment Property Foreign Currency Transactions and Advance Consideration

Other than as explained below regarding the impact of Hong Kong Financial Reporting Standard 9 “*Financial Instruments*” (“**HKFRS 9**”), the adoption of the above new and revised standards has had no significant financial effect on the consolidated financial statements.

Adoption of HKFRS 9

During the year ended 31 March 2019, the Group has applied HKFRS 9 and the related consequential amendments to other HKFRSs. HKFRS 9 introduces new requirements for (i) the classification and measurement of financial assets and financial liabilities, (ii) expected credit losses (“**ECL**”) for financial assets, contract assets and other items subject to ECL assessment, and (iii) general hedge accounting.

The Group has applied HKFRS 9 in accordance with the transition provisions set out in HKFRS 9, i.e. applied the classification and measurement requirements (including impairment) retrospectively to instruments that have not been derecognised as at 1 April 2018 (date of initial application) and has not applied the requirements to instruments that have already been derecognised as at 1 April 2018 determined under HKFRS 9. The difference between carrying amounts as at 31 March 2018 and the carrying amounts as at 1 April 2018 (determined under HKFRS 9) are recognised in the opening retained earnings as at 1 April 2018, without restating the financial information for the year ended 31 March 2018.

Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 39 “*Financial Instruments: Recognition and Measurement*” (“**HKAS 39**”).

Summary of effects arising from initial application of HKFRS 9

Impact on the consolidated statement of financial position

The table below illustrates the classification and measurement (including impairment) of financial assets, financial liabilities, contract assets, and deferred tax assets which are subject to ECL under HKFRS 9 and HKAS 39 at the date of initial application on 1 April 2018.

	Financial assets/ financial liabilities/ contract assets	Original measurement category under HKAS 39	New measurement category under HKFRS 9	Original carrying amount under HKAS 39 HK\$'000	Additional loss allowance recognised under HKFRS 9 and the respective deferred tax impact HK\$'000	New carrying amount under HKFRS 9 HK\$'000
1	Trade receivables	Loans and receivables	Financial assets at amortised cost	21,701	(123)	21,578
2	Retention receivables	NA	NA	4,754	–	4,754
3	Deposits and other receivables	Loans and receivables	Financial assets at amortised cost	9,244	–	9,244
4	Cash and bank balances	Loans and receivables	Financial assets at amortised cost	26,766	–	26,766
5	Trade payables	Financial liabilities at amortised cost	Financial liabilities at amortised cost	34,856	–	34,856
6	Other payables	Financial liabilities at amortised cost	Financial liabilities at amortised cost	3,862	–	3,862
7	Amount due to a director	Financial liabilities at amortised cost	Financial liabilities at amortised cost	1,293	–	1,293
8	Bank borrowings	Financial liabilities at amortised cost	Financial liabilities at amortised cost	33,604	–	33,604
9	Contract assets	NA	NA	94,457	(2)	94,455
					(125)	
			Recognition of deferred tax assets		21	
			Total		(104)	

There were no financial liabilities which the Group had previously designated as at fair value through profit or loss (“FVTPL”) or measured at amortised cost under HKAS 39 that were subject to reclassification, or which the Group has elected to reclassify upon the application of HKFRS 9.

The Group applies the HKFRS 9 simplified approach to measure ECL which use a lifetime ECL for all trade receivables, retention receivables and contract assets. To measure the ECL, the trade receivables, retention receivables and contract assets have been grouped based on shared credit risk characteristics.

The Group applies the HKFRS 9 general approach to measure ECL on deposits and other receivables. The Group has applied the general approach in HKFRS 9 to measure the loss allowance at 12-month ECL (“12m ECL”), since there has not been a significant increase in credit risk since initial recognition for deposits and other receivables. The ECL for bank balances is insignificant because such assets are placed in banks with good reputation and there has been no recent history of default in relation to these banks.

As at 1 April 2018, the additional credit loss allowance of approximately HK\$125,000, together with the recognition of the corresponding deferred tax assets of approximately HK\$21,000, totalling approximately HK\$104,000 has been recognised against retained earnings as at 1 April 2018. The additional loss allowance is charged against the respective asset.

The additional impairment loss allowance upon the initial application of HKFRS 9 as disclosed above resulted entirely from a change in the measurement attribute of the loss allowance relating to each financial asset and contract assets.

No loss allowance provision was recognised for retention receivables, deposits and other receivables and bank balances as at 31 March 2018 and 1 April 2018. The loss allowance for trade receivables and contract assets as at 31 March 2018 reconcile to the opening loss allowance as at 1 April 2018 is as follows:

	Contract assets <i>HK\$'000</i>	Trade receivables <i>HK\$'000</i>
Closing balances as at 31 March 2018	–	–
Amounts remeasured through opening retained earnings	<u>2</u>	<u>123</u>
Opening balances as at 1 April 2018	<u><u>2</u></u>	<u><u>123</u></u>

Impacts on opening consolidated statement of financial position arising from the application of all new standards

As a result of the changes in the Group's accounting policies above, the opening consolidated statement of financial position had to be restated. The following table shows the adjustments recognised for each of the line item affected. Line items that were not affected by the changes have not been included.

	31 March 2018 (Audited) <i>HK\$'000</i>	HKFRS 9 <i>HK\$'000</i>	1 April 2018 (Restated) <i>HK\$'000</i>
Current assets			
Contract assets	94,457	(2)	94,455
Trade and other receivables	39,122	(123)	38,999
Equity			
Reserves – Retained earnings	68,824	(104)	68,720
Non-current liabilities			
Deferred tax assets	–	21	21

Impact on the consolidated statement of cash flows

For the purposes of reporting cash flows from operating activities under indirect method for the year ended 31 March 2019, movements in working capital have been computed based on opening consolidated statement of financial position as at 1 April 2018 as disclosed above.

4. REVENUE AND SEGMENT INFORMATION

Revenue, which is also the Group's turnover, represents revenue from performance of construction contract works in the ordinary course of business. Revenue recognised during the years ended 31 March 2018 and 2019 are as follows:

Disaggregation of revenue from contracts with customers

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
By timing of revenue recognition:		
Control transferred over time	661,982	560,283
Control transferred at a point in time	7,798	–
	669,780	560,283
	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
By type of services:		
Fitting-out services	661,982	560,283
Supply of fitting-out materials	7,798	–
	669,780	560,283

The chief operating decision-maker has been identified as the board of directors of the Company. The board of directors regards the Group's business as a single operating segment and regularly reviews the operating results of the Group as a whole when making decisions about resources to be allocated and assessing its performance. Also, the Group only engages its business in Hong Kong. Therefore, all revenue of the Group is derived from operations carried out in Hong Kong and all non-current assets of the Group are located in Hong Kong. Accordingly, no segment information is presented.

Information about major customers

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

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Customer A	484,346¹	366,322 ¹
Customer B	N/A ²	55,878 ¹
Customer C	N/A ²	83,202
	_____	_____

¹ The customer represents a collection of companies within a group.

² The corresponding revenue did not contribute over 10% of total revenue of the Group.

5. OTHER INCOME AND GAINS/(LOSSES) – NET

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Bank interest income	78	2
Foreign exchange (losses)/gains – net	(16)	22
Sundry income	–	32
	_____	_____
	62	56
	_____	_____

6. FINANCE COSTS

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Interest on bank borrowings	1,828	1,649
Interest on finance leases	–	8
	_____	_____
	1,828	1,657
	_____	_____

7. PROFIT BEFORE INCOME TAX

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Profit before taxation has been arrived at after charging:		
Depreciation of assets under finance leases	–	433
Depreciation of owned assets	<u>269</u>	<u>3</u>
	<u>269</u>	<u>436</u>
Auditors' remuneration	1,500	246
Cost of materials and finished goods	166,079	192,740
Listing expenses	16,926	3,533
Operating lease rental in respect of machinery and equipment	27	55
Operating lease rental in respect of premises	528	432
Provision for loss allowance on trade receivables – net	25	–
Provision for loss allowance on contract assets – net	66	–
Written-off of retention receivables	12	–
Staff costs, including directors' emoluments	<u>43,354</u>	<u>32,191</u>

8. INCOME TAX EXPENSE

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Hong Kong profits tax		
– current tax on profits for the year	10,278	8,327
– adjustment in respect of prior year	<u>(95)</u>	<u>–</u>
	10,183	8,327
Deferred income tax	<u>(15)</u>	<u>–</u>
Income tax expense	<u>10,168</u>	<u>8,327</u>

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the “**Bill**”) which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazette on the following day. The two-tiered profits tax rates regime will be applicable to a subsidiary of the Group for its annual reporting period beginning on or after 1 April 2018.

Under the two-tiered profits tax rates regime, the first HK\$2,000,000 of profits of qualifying corporations will be taxed at 8.25%, and profits above HK\$2,000,000 will be taxed at 16.5%.

Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profits arising in or derived from Hong Kong for the year ended 31 March 2019, except for the qualified entity is calculated in accordance with the two-tiered profit tax rates regime and the profits tax of other group entities in Hong Kong which are not qualifying for the two-tiered profits tax rates regime will continue to be taxed at the flat rate of 16.5% (2018: 16.5%).

9. DIVIDENDS

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Proposed final – HK 8 cents per ordinary share (2018: Nil)	<u>38,400</u>	<u>–</u>

No dividend was paid or proposed for ordinary shareholders of the Company during the year ended 31 March 2018.

The proposed final dividend for the year is subject to the approval of the Company's shareholders at the forthcoming annual general meeting and this proposed final dividend has not been recognised as a liability at the end of the reporting period.

10. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the year.

	2019	2018
Profit attributable to owners of the Company (<i>HK\$'000</i>)	35,963	38,594
Weighted average number of ordinary shares in issue (<i>in thousands</i>) (<i>Note</i>)	<u>389,918</u>	<u>360,000</u>
Basic earnings per share (<i>HK cents</i>)	<u>9.22</u>	<u>10.72</u>

Note: In determining the number of shares in issue, the total of 360,000,000 shares issued, 100 share issued on the incorporation of the Company, 100 shares issued on the Reorganisation of the Group and 359,999,800 shares issued on capitalisation issue were deemed to have been issued since 1 April 2017.

The diluted earnings per share is equal to the basic earnings per share as there were no dilutive potential ordinary shares in issue during the years ended 31 March 2018 and 2019.

11. TRADE AND OTHER RECEIVABLES

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Trade receivables	25,492	21,701
Less: Provision for loss allowance	<u>(148)</u>	<u>–</u>
Trade receivables – net	25,344	21,701
Retention receivables	13,205	4,754
Other receivables, deposits and prepayments	<u>5,066</u>	<u>12,667</u>
	<u>43,615</u>	<u>39,122</u>

Notes:

- (a) The credit period granted to customers are 30 days generally.
- (b) The ageing analysis of the trade receivables based on invoice date is as follows:

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
0–30 days	18,921	16,389
31–60 days	2,781	450
61–90 days	50	2
Over 90 days	<u>3,592</u>	<u>4,860</u>
	<u>25,344</u>	<u>21,701</u>

12. RESTRICTED CASH

Restricted cash represents deposits held at an insurance company for faithful performance in accordance with the terms of the contract between the Group and the customer.

13. TRADE AND OTHER PAYABLES

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Trade payables	85,673	34,856
Accruals and other payables	<u>9,586</u>	<u>3,862</u>
	<u>95,259</u>	<u>38,718</u>

Notes:

- (a) Payment terms granted by suppliers of materials and subcontractors are ranging from 0 to 30 days generally.

The ageing analysis of trade payables based on the invoice date is as follows:

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
0–30 days	52,927	27,475
31–60 days	4,226	9
61–90 days	13,799	4,704
Over 90 days	14,721	2,668
	85,673	34,856

14. SHARE CAPITAL

As at 31 March 2018, the share capital represents the aggregate of paid up share capital of the companies comprising the Group held by the controlling shareholders of the Company prior to the Reorganisation.

Details of the Company's authorised and issued ordinary share capital are as follows:

	<i>Notes</i>	Number of ordinary shares	Share Capital <i>HK\$'000</i>
Ordinary shares of HK\$0.01 each			
Authorised:			
As at 1 April 2017, 31 March 2018 and 1 April 2018		–	–
Upon incorporation of the Company on 9 May 2018	(a)	38,000,000	380
Increase in number of authorised shares	(b)	962,000,000	9,620
As at 31 March 2019		1,000,000,000	10,000
Issued and fully paid:			
As at 1 April 2017, 31 March 2018 and 1 April 2018		–	–
Upon incorporation of the Company on 9 May 2018	(a)	100	–
Shares issued upon the Reorganisation	(c)	100	–
Shares issued pursuant to the capitalisation issue	(d)	359,999,800	3,600
Shares issued pursuant to the share offer	(e)	120,000,000	1,200
As at 31 March 2019		480,000,000	4,800

Notes:

- (a) The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law of the Cayman Islands on 9 May 2018 with an initial authorised share capital of HK\$380,000 divided into 38,000,000 ordinary shares of HK\$0.01 each and one fully-paid subscriber ordinary share was allotted and issued to the initial subscriber which was then transferred to Hoi Lang on the same date. A further allotment and issuance of 99 ordinary shares were made on 9 May 2018 to Hoi Lang.

- (b) Pursuant to the written resolutions passed by the sole shareholder of the Company on 6 December 2018, the authorised share capital of the Company was increased from HK\$380,000 to HK\$10,000,000 divided into 1,000,000,000 ordinary shares by the creation of an additional 962,000,000 ordinary shares of HK\$0.01 each, ranking equally in all respects with the existing issued ordinary shares.
- (c) Pursuant to the Reorganisation and as consideration for the acquisition by the Link Shing Holdings Ltd. of the entire issued share capital of (i) Hoi Sing Decoration Engineering Company Limited from Mr. Man, Mrs Man and Mr. Ho; (ii) Hoi Sing Construction (H.K.) Limited from Mr. Man and Mrs. Man; (iii) Milieu Wooden Company Limited from Mr. Man and Mrs. Man; and (iv) Chun Shing Development Co., Limited from Mr. Man on 18 September 2018, the Company issued and allotted 100 ordinary shares to Hoi Lang, all credited as fully paid respectively.
- (d) Pursuant to the written resolution passed by the sole shareholder of the Company on 6 December 2018 and conditional upon the share premium account of the Company being credited as a result of the share offer, the directors of the Company authorised to allot and issue a total of 359,999,800 ordinary shares credited as fully paid at par to the holder of the Company's shares on the register of members of the Company at the close of business on 6 December 2018 in proportion to their respective shareholdings by way of capitalisation of the sum of approximately HK\$3,600,000 standing to the credited of the share premium account of the Company.
- (e) On 31 December 2018, upon its listing on the Main Board of the Stock Exchange, the Company issued 120,000,000 new ordinary shares at an offer price of HK\$1.05 each and raised gross proceeds of approximately HK\$126,000,000.

MANAGEMENT DISCUSSION AND ANALYSIS

Industry Overview

According to the Census and Statistics Department, the overall gross output value of construction works in Hong Kong in 2018 amounted to about HK\$468.5 billion, representing an increase of 11.9% compared to the year before. In particular, output value of construction works at locations other than construction sites such as decoration, repair and maintenance, carpentry, electrical equipment etc., amounted to about HK\$275.5 billion, increased by 24.0% compared to the year before. The fitting-out industry has been experiencing stable growth in recent years because of ongoing demand for newly completed buildings, ranging from residential units to shopping malls, as well as demand arising from maintenance concerns of ageing buildings, for example the Mandatory Building Inspection Scheme and the Mandatory Window Inspection Scheme.

Specifically, resulting from the shortage of residential units in the property market and the continuously upward trend in property prices, there are (i) steady demand for fitting-out projects of new residences with rising standard of luxury decoration; (ii) a higher number of fitting-out projects for micro private residences as average sizes shrink; and (iii) more old and dilapidated buildings which require different levels of redevelopment or renovation as they pose safety risks.

In terms of fitting-out works for commercial buildings, demand for new retail premises following the city's retail recovery and that for new office spaces in secondary business districts such as Kowloon East are boosters.

Despite the promising landscape, challenges face fitting-out contractors and other construction sectors alike. Firstly, the construction industry has encountered labour shortage due to the ageing workforce and lack of younger workers for some years and the problem is expected to last in the near future. Secondly, operating costs including labour cost and material cost have risen, largely caused by rising wage to retain skilled labour and attract young entrant workers. Lastly, competition has intensified with a more fitting-out contractors becoming listed on the Stock Exchange to expand the scope of their services and business volume.

Business Review and Outlook

The shares of the Company (the “**Shares**”) were listed on the Main Board of the Stock Exchange (the “**Listing**”) on 31 December 2018 (the “**Listing Date**”). The proceeds received from the Listing have strengthened the Group's cash flow and the Group will implement its future plans as set out in the section headed “Future Plans and Use of Proceeds” in the Prospectus.

The Group is an established fitting-out contractor in Hong Kong with over 22 years of experience since the establishment of one of our principal operating subsidiaries, Hoi Sing Decoration Engineering Company Limited, in 1995. The Group's fitting-out services cover both (i) fitting-out works conducted on new buildings; and (ii) interior renovation works on existing buildings that involve upgrades, makeovers and demolition of existing works. Such services are mainly provided to residential and commercial properties in Hong Kong on a project basis. To a lesser extent, the Group also supplies fitting-out materials such as timber products upon customers' requests in Hong Kong.

The Group's sources of revenue are categorised as residential and non-residential fitting-out services, as well as the supply of fitting-out materials by a small portion. During the Review Year, the Group's revenue increased by approximately 19.5% to approximately HK\$669.8 million (FY2018: HK\$560.3 million). The increase is primarily attributable to (i) the increased efforts in pursuing projects of relatively larger scale and higher income; and (ii) the increase in the number of projects with revenue contribution during the Review Year.

Looking forward, new projects for residential properties will continue to be launched in Hong Kong over the coming years, varying from public housing, Home Ownership Scheme housing to private residences. Together with demand for redevelopment of old buildings and renovation of new commercial units such as office space, retail shops and hotels, Hong Kong's fitting-out industry is presented with ample opportunities.

In view of problems such as labour shortage and operation costs, industry players have to tackle difficulties with the tools of a strong workforce, sufficient working capital and well-maintained supplier and client relationships. The Group is prepared for the emerging opportunities in Hong Kong's fitting-out works market and will avail itself of the long-established relationships with leading property developers and prominent industry reputation, grasping more large-scale projects and delivering excellence in fitting-out works and project management.

Financial Review

Revenue

For the Review Year, the revenue of the Group has increased by approximately HK\$109.5 million, or approximately 19.5% compared to the FY2018, from approximately HK\$560.3 million to approximately HK\$669.8 million. The increase was primarily due to (i) the increased efforts in pursuing projects of relatively larger scale and higher income; and (ii) the increase in the number of projects with revenue contribution during the Review Year.

Gross profit and gross profit margin

The Group's direct costs increased by approximately HK\$90.6 million or approximately 18.2% from approximately HK\$498.8 million for the FY2018 to approximately HK\$589.4 million for the Review Year. Such increase in direct costs was generally in line with the increase in the revenue.

For the Review Year, the gross profit of the Group has increased by approximately HK\$19.0 million, or approximately 30.9% compared to the FY2018, from approximately HK\$61.4 million to approximately HK\$80.4 million. The increase in gross profit was mainly due to the increase in revenue. The gross profit margin for the Review Year was approximately 12.0%, which remained broadly stable as compared to the gross profit margin for the FY2018 of approximately 11.0%.

Other income and gains/(losses) – net

Other income and gains mainly included the bank interest income of approximately HK\$78,000 derived from the proceeds received from the Listing (FY2018: approximately HK\$2,000).

Administrative expenses

For the Review Year, the administrative expenses have increased by approximately HK\$19.6 million or approximately 151.9% compared to the FY2018, from approximately HK\$12.9 million to approximately HK\$32.5 million. The increase was primarily due to the recognition of the one-off listing expenses of approximately HK\$16.9 million during the Review Year (FY2018: approximately HK\$3.5 million).

Finance costs

For the Review Year, the finance costs have increased by approximately HK\$0.1 million or approximately 5.9% compared to the FY2018, from approximately HK\$1.7 million to approximately HK\$1.8 million. The increase was primarily due to the repayment of bank borrowings and obligation under finance leases during the Review Year.

Income tax expense

For the Review Year, the income tax expense has increased by approximately HK\$1.9 million or approximately 22.9% compared to the FY2018, from approximately HK\$8.3 million to approximately HK\$10.2 million. Such increase was mainly due to the increase in revenue net off with the increase of non-deductible listing expenses for the Review Year.

Net profit

For the Review Year, the profit and total comprehensive income has slightly decreased by approximately HK\$2.6 million or approximately 6.7% compared to the FY2018, from approximately HK\$38.6 million to approximately HK\$36.0 million. The decrease in the Group's net profit for the Review Year was mainly due to the net effect of the increase in revenue and the increase in administrative expenses as discussed above. The Group's net profit margin for the Review Year was approximately 5.4%, as compared with approximately 6.9% for the FY2018. The decrease in the net profit margin for the Review Year was mainly due to the increase in administrative expenses as discussed above.

Liquidity, Financial Resources and Capital Structure

The Shares were successfully listed on the Main Board of the Stock Exchange on the Listing Date and there has been no change in capital structure of the Group since then.

As at 31 March 2019, the Company's issued capital was HK\$4.8 million and the number of its issued ordinary Shares was 480,000,000 Shares of HK\$0.01 each.

As at 31 March 2019, the Group had total cash and cash equivalents and restricted cash of approximately HK\$53.5 million (FY2018: approximately HK\$26.8 million). The increase was due to the net proceeds received from the Listing.

The Group's gearing ratio, calculated as total borrowings (including bank borrowings and amount due to a director) divided by the total equity, decreased from approximately 50.6% as at 31 March 2018 to approximately 11.7% as at 31 March 2019. The decrease was primarily due to (i) the repayment of bank borrowings; and (ii) the enlarged share capital of the Group as a result of the issuance of Shares pursuant to the capitalisation issue and the share offer in relation to the Listing.

Treasury Policy

The Group has adopted a prudent financial management approach towards its treasury policy. The Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities, and other commitments can meet its funding requirements all the time.

Pledge of Assets

As at the date of this announcement, all of the guarantees and securities for our bank borrowings had been released and the said bank borrowings are secured by the Company in the way of corporate guarantee.

Foreign Exchange Exposure

As the Group only operates in Hong Kong and all of the revenue and transactions arising from its operations were settled in Hong Kong dollar, the Directors are of the view that the Group's foreign exchange rate risks are insignificant. Thus, the Group has not entered into any derivative contracts to hedge against the foreign exchange rate risk for the Review Year.

Capital Commitments and Contingent Liabilities

Capital expenditure contracted for at the end of Review Year but not yet incurred is as follow:

	2019	2018
	<i>HK\$'000</i>	<i>HK\$'000</i>
Property, plant and equipment	<u>709</u>	<u>–</u>

Our subsidiary, Hoi Sing Construction (H.K.) Limited, is involved in a civil litigation, the details of which have been disclosed in the section headed "Business – Potential litigation in relation to employee's compensation" of the Prospectus. The civil litigation is settled and covered by insurance as at the date of this announcement. Accordingly, no provision has been made to the consolidated financial statements.

Save as disclosed above, the Group had no material contingent liabilities as at 31 March 2019 (31 March 2018: nil).

Significant Investment, Material Acquisitions or Disposals of Subsidiaries and Associated Companies

During the Review Year, the Group did not have any significant investment held, any material acquisitions or disposals of subsidiaries or associated companies apart from the corporate reorganisation as disclosed in the Prospectus.

Future Plans for Material Investments or Capital Assets

Save as disclosed under the section headed "Future Plans and Use of Proceeds" in the Prospectus, the Group did not have other future plans for material investments or capital assets during the Review Year.

Use of Proceeds

The net proceeds received by the Group, after deducting related expenses, were approximately HK\$89.4 million. These proceeds are intended to be applied in accordance with the proposed application set out in the section headed “Future Plans and Use of Proceeds” in the Prospectus. Such uses include: (i) payment for upfront costs; (ii) obtaining performance bond; (iii) repayment of bank borrowings; (iv) expansion of workforce; and (v) general working capital. Details of the use of the proceeds are listed as below:

	Planned use of proceeds	Actual usage up to 31 March 2019	Unutilised amounts as at 31 March 2019
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Payment for upfront costs	13,589	13,589	–
Obtaining performance bond	11,264	3,037	8,227
Repayment of bank borrowings	30,307	30,307	–
Expansion of workforce	32,363	1,203	31,160
General working capital	1,877	1,877	–
	<hr/>	<hr/>	<hr/>
Total	89,400	50,013	39,387

As at 31 March 2019 and the date of this announcement, the unutilised proceeds were placed in interest-bearing deposits with authorised financial institutions or licensed banks in Hong Kong. The Directors regularly evaluate the Group’s business objective and may change or modify plans against the changing market condition to ascertain the business growth of the Group. During the Review Year, the Directors considered that no modification of the use of proceeds described in the Prospectus was required.

Dividends

The Board has proposed a final dividend of HK8.00 cents per ordinary share for the Review Year (FY2018: Nil), subject to the approval of the shareholders of the Company at the forthcoming annual general meeting (the “AGM”).

Closure of Register of Members

The register of members will be closed from Wednesday, 28 August 2019 to Monday, 2 September 2019, both dates inclusive, during which period no transfer of shares will be registered. In order to qualify for attending and voting at the AGM, all transfer documents accompanied by the relevant share certificates must be lodged with the Company’s Hong Kong branch share registrar, Boardroom Share Registrars (HK) Limited, at 2103B, 21/F, 148 Electric Road, North Point, Hong Kong, not later than 4:30 p.m. on Tuesday, 27 August 2019.

The final dividend will be paid to shareholders of the Company whose names appear on the register of members on Tuesday, 10 September 2019 and the payment date will be on or about Friday, 4 October 2019. The register of members will be closed from Friday, 6 September 2019 to Tuesday, 10 September 2019, on which date no transfer of shares will be registered. In order to qualify for the final dividend, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar, Boardroom Share Registrars (HK) Limited, at 2103B, 21/F, 148 Electric Road, North Point, Hong Kong, not later than 4:30 p.m. on Thursday, 5 September 2019.

AGM

The AGM will be held at Unit 4608, 46/F, The Center, 99 Queen's Road Central, Central, Hong Kong on Monday, 2 September 2019. The Notice of AGM will be published on the Company's website at www.yield-go.com and the website of the Stock Exchange at www.hkexnews.hk and dispatched to shareholders of the Company and available on the same websites in due course.

CORPORATE GOVERNANCE CODE/OTHER INFORMATION

Compliance with the Corporate Governance Code

The Company has adopted the corporate governance code (the "**CG Code**") contained in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**"). The Company has complied with all the code provisions set out in the CG Code during the period from the Listing Date and up to the date of this announcement.

Compliance with the Model Code for Securities Transactions by Directors of Listed Issuers

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 its own code of conduct regarding Directors' securities transactions. Having made specific enquiries of the Directors, all the Directors have confirmed that they have complied with the requirements of the Model Code during the period from the Listing Date and up to the date of this announcement.

Share Option Scheme

The Company has adopted a share option scheme (the "**Share Option Scheme**") on 6 December 2018. The principal terms of the Share Option Scheme are summarised in Appendix IV to the Prospectus. The purpose of the Share Option Scheme is to (i) motivate eligible participants to optimise their performance efficiency for the benefit of the Company and/or any of its subsidiaries; and (ii) attract and retain or otherwise maintain an ongoing business relationship with the eligible participants whose contributions are or will be beneficial to the

long-term growth of the Company and/or any of its subsidiaries. No share option has been granted, exercised, cancelled or lapsed under the Share Option Scheme since its adoption on 6 December 2018, and there is no outstanding share option as at 31 March 2019.

Competing Interests

Neither the Directors, the controlling shareholders of the Company nor their respective close associates is interested in a business apart from the Group's business which competes or is likely to compete, directly or indirectly, with the Group's business during the Review Year, and is required to be disclosed pursuant to Rule 8.10 of the Listing Rules.

Purchase, Sale or Redemption of the Company's Securities

Since the Listing Date and up to 31 March 2019, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's securities.

Event after the Review Year

There is no material subsequent event undertaken by the Group after 31 March 2019 and up to the date of this announcement.

Sufficiency of Public Float

Based on the information that is publicly available to the Company and within the knowledge of the Directors, the Directors confirmed that the Company has maintained a sufficient amount of public float for its Shares as required under the Listing Rules since the Listing Date and up to the date of this announcement.

Audit Committee Review

The Company established the audit committee (the "**Audit Committee**") on 28 December 2018 in accordance with Rule 3.21 of the Listing Rules with the written terms of reference in compliance with the CG Code as set out in Appendix 14 to the Listing Rules. The Audit Committee consists of three independent non-executive Directors, namely Mr. Chan Ka Yu, Mr. Lo Ki Chiu and Mr. Leung Wai Lim. Mr. Chan Ka Yu currently serves as the chairman of the Audit Committee.

The Group's consolidated financial statements for the Review Period have been reviewed and approved by the Audit Committee. The Audit Committee 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.

Scope of work of HLB Hodgson Impey Cheng Limited

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 March 2019 as set out in the preliminary announcement have been agreed by the Group's auditors, HLB Hodgson Impey Cheng Limited, to the amounts set out in the Group's audited consolidated financial statements for the Review Year. The work performed by HLB Hodgson Impey Cheng Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by HLB Hodgson Impey Cheng Limited on the preliminary announcement.

Publication of Final Results and Annual Report

This results announcement is published on the Company's website at www.yield-go.com and the website of the Stock Exchange at www.hkexnews.hk. The 2019 annual report for the year ended 31 March 2019 will be dispatched to shareholders of the Company and available on the same websites in due course.

Appreciation

The Board would like to take this opportunity to express its sincere gratitude to the management team and staff for their hard work and contributions, and to our shareholders, investors and business partners for their trust and support.

By order of the Board
Yield Go Holdings Ltd.
Man Hoi Yuen

Chairman and Executive Director

Hong Kong, 27 June 2019

As at the date of this announcement, the Board comprises Mr. Man Hoi Yuen, Ms. Ng Yuen Chun and Mr. Ho Chi Hong as executive Directors; and Mr. Chan Ka Yu, Mr. Lo Ki Chiu and Mr. Leung Wai Lim as independent non-executive Directors.