

# YAT SING HOLDINGS LIMITED

## 日成控股有限公司

*(Incorporated in the Cayman Islands with limited liability)*

Stock Code: 3708

# 2019

Interim  
Report



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## **CORPORATE INFORMATION**

### **Executive Directors**

Ms. Ma Huijun (Chairman)  
Mr. Dai Jian  
(Vice Chairman and Chief Executive Officer)  
Mr. Dai Ming  
Mr. Lai Aizhong

### **Non-Executive Director**

Mr. Zhang Junze

### **Independent Non-Executive Directors**

Mr. Chan Foon  
Mr. Guo Biao  
Ms. Song Dan  
Mr. Huang Shuhui

### **Audit Committee**

Mr. Chan Foon (Chairman)  
Mr. Guo Biao  
Ms. Song Dan

### **Nomination Committee**

Ms. Ma Huijun (Chairman)  
Mr. Chan Foon  
Mr. Guo Biao

### **Remuneration Committee**

Mr. Guo Biao (Chairman)  
Mr. Chan Foon  
Ms. Song Dan

### **Company Secretary**

Mr. Fung Nam Shan

### **Authorised Representatives**

Mr. Dai Jian  
Mr. Fung Nam Shan

### **Legal Adviser**

As to Hong Kong Law  
Michael Li & Co.  
Loong & Yeung

### **Registered Office In The Cayman Islands**

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

### **Headquarter and Principal Place of Business in Hong Kong Registered Under Part 16 of the Companies Ordinance**

Unit 2606, 26/F  
Singga Commercial Centre  
144-151 Connaught Road West  
Hong Kong

### **Principal Share Registrar and Transfer Office in the Cayman Islands**

Estera Trust (Cayman) Limited  
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  
Suites 3301-04, 33/F  
Two Chinachem Exchange Square  
338 King's Road  
North Point  
Hong Kong

### **Principal Bankers**

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

China Construction Bank (Asia) Corporation Limited  
Tsim Sha Tsui Commercial Banking Office

China CITIC Bank International Limited  
Des Voeux Road Central Branch

### **Company Website**

[www.yat-sing.com.hk](http://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”) is a building maintenance and renovation service provider in Hong Kong. All revenue for the six months period ended 31 December 2019 (the “Period”) was derived from building maintenance and renovation services.

Revenue for the Period was approximately HK\$202.2 million, representing an decrease of approximately HK\$37.7 million or 15.7% when compared to the same period last year of approximately HK\$239.9 million. It was mainly from the decrease of the revenue of building maintenance services which is due to no new contract awarded during the Period net of the increase in revenue from the renovation services which was mainly contributed by the commencement of the renovation project for Vocational Training Council (“VTC”), which was amounted to HK\$43.2 million during the Period.

#### **Building maintenance services**

As at 31 December 2019, we had 2 building maintenance contracts on hand with a notional or estimated contract value of approximately HK\$522.4 million. As at 30 June 2019, we had 2 building maintenance contracts on hand with a notional or estimated contract value of approximately HK\$522.4 million.

#### **Renovation services**

As at 31 December 2019, we had 5 renovation contracts on hand (including contracts in progress and contracts which are yet to commence) with a notional or estimated contract value of approximately HK\$130.0 million. As at 30 June 2019, we had 8 renovation contracts on hand with a notional or estimated contract value of approximately HK\$175.3 million. During the Period, the Group have completed 10 renovation contracts.

### **RECENT DEVELOPMENT**

#### **Building maintenance services**

During the Period, we have no new contract for building maintenance services.

#### **Renovation services**

During the Period, we have been successfully awarded 2 contracts with a notional or estimated contract value of approximately HK\$15.7 million. One of the newly awarded contracts commenced during the Period.

### **FUTURE DEVELOPMENT**

We will focus on identifying opportunities for building maintenance projects, especially in the public sector, which is our core business. For renovation projects, with the growth in consciousness of building refurbishment in Hong Kong, we are confident in attaining new projects from the private sector.

### **CHANGE OF COMPANY NAME**

In order to reflect the intention of stepping into supply chain services and supply chain financial services of the Company, the shareholders of the Company approved to change the Company’s English name from “Yat Sing Holdings Limited” to “China Supply Chain Holdings Limited” and its dual foreign name in Chinese from “日成控股有限公司” to “中國供應鏈產業集團有限公司” on the extraordinary general meeting of the Company held on 22 January 2020.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **FINANCIAL REVIEW**

#### **Revenue**

Revenue derived from building maintenance services decreased by approximately HK\$81.5 million or 37.7% from approximately HK\$216.0 million for the same period in 2018 to approximately HK\$134.5 million during the Period. With no new contract awarded during the Period, revenue decreased significantly compared with the same period in 2018.

Revenue derived from renovation services showed an increase of approximately HK\$44.8 million or 196.5% from approximately HK\$22.8 million in the same period in 2018 to approximately HK\$67.6 million during the Period. The increase in revenue was mainly contributed by the commencement of the renovation project for VTC, which was amounted to HK\$43.2 million during the Period.

#### **Gross profit and gross profit margin**

During the Period, the Group's gross profit amounted to approximately HK\$10.6 million (2018: HK\$18.9 million) representing a decrease of approximately HK\$8.3 million. Gross profit margin for the period was approximately 5.2% (2018: 7.9%). The decrease in gross profit margin was caused by the decrease in the gross profit margin for building maintenance and renovation services as mentioned below.

Gross profit attributable to building maintenance services for the Period amounted to approximately HK\$8.2 million (2018: HK\$16.8 million). The Group's gross profit margin for building maintenance services for the Period was approximately 6.1% (2018: 7.8%). The decline in gross profit margin during the Period was attributable to the stiff competition among contractors for District Term Contract projects and resulted in lower contract price and so as gross profit margin.

Gross profit attributable to renovation services for the Period amounted to approximately HK\$2.4 million (2018: HK\$1.4 million), representing an increase of approximately HK\$1.0 million or 71.4%. The increase was consistent with the commencement of the VTC project during the Period. Gross profit margin from renovation services during the Period was approximately 3.6%, which was lower than the same period in 2018 of approximately 5.9%. The decrease in gross profit margin was attributable to the commencement of the VTC project during the Period, which has low gross profit margin than average.

#### **Other income**

During the Period, other income of the Group mainly comprised to the net income from the sales of construction materials amounted to HK\$0.3 million, the loan interest income amounted to approximately HK\$0.7 million and other income included interest income amounted to approximately HK\$0.5 million. For the same period in 2018, other income of the Group mainly comprised the loan interest income amounted to approximately HK\$0.4 million and other income included interest income amounted to approximately HK\$0.5 million.

#### **Administrative expenses**

Administrative expenses decrease by approximately HK\$9.6 million or 40.3% from approximately HK\$23.8 million for the same period in 2018 to approximately HK\$14.2 million for the Period. The decrease was caused by the decrease in the operating costs of the Company, including but not limited to, the decrease in staff cost, office rental charge, the professional and other related fees.

#### **Finance costs**

Finance costs decrease by approximately HK\$2.6 million or 96.3% times from approximately HK\$2.7 million for the same period in 2018 to approximately HK\$64,000 for the Period. The decrease was mainly due to the decrease in the Group's obligations under financial leases and the bank borrowings.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **Income tax expense**

There is no effective tax rates for the Period (For the same period of 2018: approximately 26.9%) because there is no income tax expenses during the Period.

### **Loss for the Period**

The loss for the Period increased by approximately HK\$6.6 million or 150 times from the profit for the period of approximately HK\$4.4 million for the same period in 2018 to the loss of approximately HK\$2.2 million for the Period. The significant increase was mainly caused by the significant decrease of the revenue and gross profit as mentioned above.

### **Liquidity, financial resources and capital structure**

The Group generally finances its operation through cash from operations, bank borrowings and finance leases. As at 31 December 2019, the Group had total cash and bank balances of approximately HK\$26.1 million (30 June 2019: HK\$48.2 million). As at 31 December 2019, the Group do not have any finance leases and bank borrowings (30 June 2019: HK\$696,000 and HK\$2.1 million respectively). As at 31 December 2019, the share capital and equity attributable to owners of the Company amounted to approximately HK\$11.2 million and HK\$162.1 million respectively (30 June 2019: HK\$11.2 million and HK\$161.8 million respectively).

### **Foreign exchange risk**

The Group's business operations were conducted in Hong Kong. The transactions, monetary assets and liabilities of the Group were denominated in Hong Kong dollar. With the insignificant portion of monetary assets denominated in foreign currencies, the Group did not engage in the any derivatives agreement and did not commit to any financial instruments to hedge its foreign exchange exposure during the Period.

### **Gearing ratio**

Gearing ratio is calculated based on the total debts divided by the total equity. The gearing ratio was approximately 0.8% and 1.8% as at 31 December 2019 and 30 June 2019, respectively. The decrease in gearing ratio is due to no bank borrowings and obligations under finance leases during the Period.

### **Charge over assets of the Group**

As at 31 December 2019, the Group had pledged bank deposits of approximately HK\$1.4 million (30 June 2019: 1.4 million) 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\$1.3 million (30 June 2019: HK\$1.8 million).

### **Significant investments, acquisitions and disposals**

The Group did not enter into any new significant investment during the six months ended 31 December 2019. The Group did not make any material acquisition and disposal of subsidiaries, associates or joint ventures for the Period.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Contingent liabilities

(a) Contingent liabilities in respect of legal claims

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

(b) Guarantee issued

At the end of each reporting period, the Group had provided guarantees to bank in respect of the following:

	<b>31 December 2019 HK\$'000 (Unaudited)</b>	30 June 2019 HK\$'000 (Audited)
Performance bonds in favor of its clients	<b>2,822</b>	2,822

As at 31 December 2019, HK\$2,822,000 (30 June 2019: HK\$2,822,000) of performance bonds were given by a bank in favour of some of the Group's customers as security for the due performance and observance of the Group's obligations under the service contracts entered into between the Group and its customers. If the Group fails to provide satisfactory performance to its customers to whom performance bonds have been given, such customers may demand the bank to pay to them the sum or sums stipulated in such demand. The Group will then become liable to compensate such banks accordingly. The performance bonds will be released upon completion of the contract work for the relevant customers.

Save as disclosed above, the Group had no material contingent liabilities as at 31 December 2019 (30 June 2019: nil).

### Employees and remuneration policies

As at 31 December 2019, the Group had approximately 92 employees (30 June 2019: 95). The staff related costs included salaries, wages and other staff benefits, contributions and retirement schemes, provisions for staff long service payment and untaken paid leave. The Group recruits and promotes individuals based on their performance and development potential in the positions held. In order to attract and retain high quality staff and enable smooth operations within the Group, the Group offered competitive remuneration packages (with reference to market conditions and individual qualifications and experience) and various in-house training courses. The remuneration packages were subject to review on a regular basis. The emoluments of the Directors and senior management have been reviewed by the remuneration committee of the Company, having regard to the Company's operating results, market competitiveness, individual performance and achievement, and approved by the Board.

### Events after reporting period

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

### INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 31 December 2019 (2018: nil).

## OTHER INFORMATION

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

As at 31 December 2019, the interests and short positions of the Directors and chief executives of the Company in shares, underlying shares and debentures of the Company or any of the associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO") which have been notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of the SFO (including interest or short positions which they had taken or deemed to have under such provisions of the SFO), or as recorded in the register required to be kept by the Company under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in Appendix 10 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") were as follows:

#### Long position in the shares of HK\$0.002 each of the Company (the "Shares")

Name of Director	Number of Shares		Total	Percentage of interest
	Personal Interest	Corporate Interest		
Mr. Dai Jian	—	3,268,750,000 (Note 1)	3,268,750,000	58.43%
Mr. Lai Aizhong	17,120,000	11,680,000 (Note 2)	28,800,000	0.51%

Notes:

1. These shares are held by Smart Paradise International Limited ("Smart Paradise"). Smart Paradise is owned as to 100% by Mr. Dai Jian and hence Mr. Dai Jian is deemed to be interested in 3,268,750,000 shares held by Smart Paradise under the SFO.
2. 11,680,000 shares are held by Shenzhen Bosum of which Mr. Lai Aizhong is holding 51% of interest of Shenzhen Bosum.

Save as disclosed above, as at 31 December 2019, none of the Directors and chief executive of the Company had or was deemed to have any interests or short positions in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they had taken or deemed to have under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

## OTHER INFORMATION

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

As at 31 December 2019, so far as is known to the Directors, the following persons (not being a Director or chief executive of the Company) have interests or short positions in shares or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provision 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 of the Company referred to therein:

Name	Capacity/nature	Number of Shares held/ interested	Percentage of interest (approx.)
Smart Paradise	Beneficial owner (Note)	3,268,750,000	58.43%

Note: Mr. Dai Jian, Director of the Company, is the sole beneficial owner and director of Smart Paradise.

Save as disclosed above, as at 31 December 2019, no other persons (not being a Director or chief executive of the Company) had any interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provision 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 of the Company.

### SHARE OPTION SCHEME

Pursuant to the written resolutions of the then sole shareholder of the Company on 18 December 2014, the Company adopted a share option scheme (the "Scheme") to attract and retain high quality staff, to provide additional incentive to employees (full-time or part-time), directors, consultants or advisors, distributors, contractors, suppliers, agents, customers, business partners or service providers of the Group and to promote the success of the business of the Group.

The total number of Shares in respect of which options may be granted under the Scheme is not permitted to exceed 10% of the Shares in issue at any point in time, without prior approval from the shareholders. The number of Shares issued and to be issued in respect of which options granted and may be granted to any individual in any one year is not permitted to exceed 1% of the Shares in issue at any point in time, without prior approval from the shareholders of the Company. Options granted to substantial shareholders or independent non-executive Directors or any of their respective close associates (including a discretionary trust whose discretionary objects include a substantial shareholders, independent non-executive Directors, or any of their respective close associates) in any 12-month period in excess of 0.1% of the Company's share capital or with a value in excess of HK\$5 million must be approved in advance by the shareholders of the Company.

Options granted must be taken up within seven days inclusive of the day on which such offer was made, upon payment of HK\$1 per option. Options may be exercised at any time during a period as the Directors may determine which shall not exceed ten years from the date of grant. The exercise price is determined by the Directors, and will be at least the higher of (i) the closing price of the shares of the Company on the date of grant, (ii) the average closing price of the shares of the Company for the five business days immediately preceding the date of grant; and (iii) the nominal value of the Share.

## **OTHER INFORMATION**

### **SHARE OPTION SCHEME (CONTINUED)**

The Scheme will remain in force for a period of ten years commencing on the date of the adoption date (i.e. 18 December 2014) and shall expire at the close of business on the business day immediately preceding the tenth anniversary thereof unless terminated earlier by the shareholders of the Company in general meeting.

No share options were granted since the adoption of the Scheme and there are no outstanding share options at the end of the Period.

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

During the Period, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed securities of the Company.

### **CORPORATE GOVERNANCE CODE**

The Company has adopted and complied with all code provisions as set out under the Corporate Governance Code (the "Corporate Governance Code") contained in Appendix 14 to the Listing Rules during the Period.

### **COMPLIANCE WITH MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has adopted the Model Code as set out in Appendix 10 of the Listing Rules. Upon enquiry by the Company, all the Directors have confirmed that they had complied with the required standard set out in the Model Code during the Period.

### **AUDIT COMMITTEE**

The Company has an audit committee (the "Audit Committee") established in compliance with Rule 3.21 of the Listing Rules with written terms of reference in compliance with the Corporate Governance Code. The responsibilities of the Audit Committee include reviewing financial statements, monitoring the appointment of and non-audit work undertaken by external auditors and reviewing the effectiveness of the internal controls of the Group. The Audit Committee consists of three independent non-executive Directors, namely Mr. Chan Foon (chairman of the Audit Committee), Mr. Guo Biao and Ms. Song Dan. The interim financial results of the Group for the Period 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.

By order of the Board

**Ma Huijun**  
Chairman

Hong Kong, 28 February 2020

\* *The English translation of Chinese names or words in this report, where indicated, is included for information purpose only, and should not be regarded as the official English translation of such Chinese names and words*

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

For the six months ended 31 December 2019

	Notes	Six months ended 31 December	
		2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)
Revenue	4	202,155	239,910
Cost of sales		(191,584)	(221,038)
Gross profit		10,571	18,872
Other income		1,545	880
Gain on fair value change on contingent payable		—	12,770
Administrative expenses		(14,242)	(23,783)
Finance costs	5	(64)	(2,702)
(Loss) profit before taxation		(2,190)	6,037
Income tax expenses	6	—	(1,621)
(Loss) profit for the period	7	(2,190)	4,416
Other comprehensive income (expenses) for the period			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translating a foreign operation		—	(2,284)
Item that will not be classified subsequently to profit or loss:			
Change in fair value of equity investment at fair value through other comprehensive income (expenses)		2,541	(586)
		2,541	(2,870)
Total comprehensive income for the period		351	1,546
Profit (loss) and total comprehensive income (expenses) for the period attributable to:			
Owners of the Company		244	5,510
Non-controlling interests		107	(3,964)
		351	1,546
Earnings per share (HK cents)			
Basic and diluted	9	0.04	0.10

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2019

	Notes	31 December 2019 HK\$'000 (Unaudited)	30 June 2019 HK\$'000 (Audited)
<b>Non-current assets</b>			
Property, plant and equipment	10	3,096	4,802
Right-of-use assets	11	2,360	—
Financial assets at fair value through other comprehensive income		4,490	1,949
Rental deposit		137	178
Loan receivables		—	9,965
		<b>10,083</b>	16,894
<b>Current assets</b>			
Tax recoverable		433	433
Loan receivables		9,822	—
Consideration receivables		21,400	21,400
Trade and other receivables	12	66,525	59,919
Contract assets		82,015	72,836
Time deposits with original maturity over three months		30,000	10,000
Pledged bank deposits	18	1,418	1,411
Bank balances and cash		26,131	48,172
		<b>237,744</b>	214,171
<b>Current liabilities</b>			
Trade and other payables	13	82,581	64,676
Lease liabilities	11	1,348	—
Obligations under finance leases — due within one year		—	696
Bank borrowing	14	—	2,146
Tax payable		267	267
		<b>84,196</b>	67,785
Net current assets		<b>153,548</b>	146,386
Total assets less current liabilities		<b>163,631</b>	163,280

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

As at 31 December 2019

		<b>31 December 2019 HK\$'000 (Unaudited)</b>	30 June 2019 HK\$'000 (Audited)
	Notes		
<b>Non-current liabilities</b>			
Long service payment obligations		<b>432</b>	432
Deferred tax liabilities		<b>456</b>	456
		<b>888</b>	888
Net assets		<b>162,743</b>	162,392
<b>Capital and reserves</b>			
Share capital	15	<b>11,189</b>	11,189
Reserves		<b>150,919</b>	150,568
Equity attributable to:			
Owners of the Company		<b>162,108</b>	161,757
Non-controlling interests		<b>635</b>	635
Total equity		<b>162,743</b>	162,392

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 31 December 2019

	Attributable to owners of the Company						Total	Non-controlling interests	Total
	Share capital	Share Premium	Other reserve	Revaluation Reserve	Translation Reserve	Retained profits			
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
At 1 July 2018 (audited)	11,189	77,790	(480)	—	(1,341)	86,693	173,851	29,503	203,354
Changes in accounting policies (note 2)	—	—	—	765	—	—	765	3	768
Restated balance	11,189	77,790	(480)	765	(1,341)	86,693	174,616	29,506	204,122
Profit (loss) for the period	—	—	—	—	—	7,350	7,350	(2,934)	4,416
Other comprehensive expense for the period									
Exchange differences arising on translation of a foreign operation	—	—	—	—	(1,256)	—	(1,256)	(1,028)	(2,284)
Fair value loss on a financial asset	—	—	—	(584)	—	—	(584)	(2)	(586)
Total comprehensive (expense) income for the period	—	—	—	(584)	(1,256)	7,350	5,510	(3,964)	1,546
At 31 December 2018 (unaudited)	11,189	77,790	(480)	181	(2,597)	94,043	180,126	25,542	205,668
At 1 July 2019 (audited)	11,189	77,790	(480)	(25)	—	73,283	161,757	635	162,392
Profit (loss) for the period	—	—	—	—	—	(2,287)	(2,287)	97	(2,190)
Other comprehensive expense for the period									
Fair value gain on a financial asset	—	—	—	2,531	—	—	2,531	10	2,541
Total comprehensive (expense) income for the period	—	—	—	2,531	—	(2,287)	244	107	351
At 31 December 2019 (unaudited)	11,189	77,790	(480)	2,506	—	70,996	162,001	742	162,743

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 ("ABO") 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 2019

	Six months ended 31 December	
	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)
Net cash from operating activities	263	19,480
Net cash used in investing activities	(18,914)	(25,388)
Financing activities		
Repayments of bank borrowing	(2,146)	(2,478)
Payment of lease liabilities	(721)	—
Interest paid	(31)	—
Other financing cash flows	(492)	(3,896)
Net cash used in financing activities	(3,390)	(6,374)
Net decrease in cash and cash equivalents	(22,041)	(12,282)
Cash and cash equivalents at the beginning of the period	48,172	46,143
Effect of foreign exchange rate changes	—	(1,065)
Cash and cash equivalents at the end of the period	26,131	32,796

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 December 2019

### 1. BASIS OF PREPARATION

The condensed consolidated financial statements of Yat Sing Holdings Limited and its subsidiaries (collectively referred to as the “Group”) for the six months ended 31 December 2019 have been prepared in accordance with the applicable disclosure provisions of Appendix 16 to the Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) and with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”).

### 2. PRINCIPAL ACCOUNTING POLICIES

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

The accounting policies used in the condensed consolidated financial statements are consistent with those followed in the preparation of the Group’s annual consolidated financial statements for the year ended 30 June 2019.

In the current interim period, the Group has applied, for the first time, the following new and amendments to HKFRSs issued by the HKICPA which are effective for the Group’s financial year beginning 1 July 2019.

HKFRS 16	Leases
HK(IFRIC) – Int 23	Uncertainty over Income Tax Treatments
Amendments to HKFRS 9	Prepayment Features with Negative Compensation
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015–2017 Cycle

The adoption of HKFRS 16 resulted in changes in the Group’s accounting policies and adjustments to the amounts recognised in the condensed consolidated financial statements. The new accounting policies are set out in note 3 below. The application of the new and amendments to HKFRSs in the current interim period has had no material effect on the Group’s financial performance and positions for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

#### 2.1 Impacts on adoption of HKFRS 16 Leases

HKFRS 16 introduces new or amended requirements with respect to lease accounting. It introduces significant changes to the lessee accounting by removing the distinction between operating lease and finance lease and requiring the recognition of right-of-use asset and a lease liability for all leases, except for short-term leases and leases of low value assets. In contrast to lessee accounting, the requirements for lessor accounting have remained largely unchanged. Details of these new accounting policies are described in note 3. The Group has applied HKFRS 16 Leases retrospectively with the cumulative effect of initial application as an adjustment to the opening balance of equity, where appropriate, at 1 July 2019, and has not restated comparatives for the 2018 reporting period as permitted under the specific transitional provisions in the standard. Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 17 Leases.

On transition to HKFRS 16, the Group elected to apply the practical expedient to grandfather the assessment of which arrangements are, or contain, leases. It applied HKFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under HKAS 17 and HK(IFRIC)-4 were not reassessed. Therefore, the definition of a lease under HKFRS 16 has been applied only to contracts entered into or changed on or after 1 July 2019.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 31 December 2019

### 2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

#### 2.1 Impacts on adoption of HKFRS 16 Leases (Continued)

The major impacts of the adoption of HKFRS 16 on the Group's condensed consolidated financial statements are described below.

##### *The Group as lessee*

On adoption of HKFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as "operating leases" under the principles of HKAS 17 Leases (except for lease of low value assets and lease with remaining lease term of twelve months or less). These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 January 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 July 2019 ranges from 3.61% to 6.65%.

The Group recognises right-of-use assets and measures them at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments — the Group applied this approach to all other leases.

The Group leases a number of motor vehicles. These leases were classified as finance leases under HKAS 17. For these finance leases, the carrying amount of the right-of-use asset and the lease liability at 1 July 2019 were determined at the carrying amount of the lease asset and lease liability under HKAS 17 immediately before that date. Accordingly, the obligations under finance leases are now included within lease liabilities, and the carrying amount of the corresponding leased asset is identified as a right-of-use asset. There is no impact on the opening balance of equity.

The following table summarises the impact of transition to HKFRS 16 as at 1 July 2019. Line items that were not affected by the adjustments have not been included.

		Carrying amount previously reported as at 30 June 2019	Impact on adoption of HKFRS 16	Carrying amount as restated as 1 July 2019
	Notes	HK\$'000	HK\$'000	HK\$'000
Right-of-use assets	(a)	—	3,237	3,237
Property, plant and equipment		4,802	(1,404)	3,398
Lease liabilities — current	(a)	—	2,488	2,488
Lease liabilities — non-current	(a)	—	40	40
Obligations under finance lease		696	(696)	—

Note:

- (a) As at 1 July 2019, right-of-use assets were measured at an amount equal to the lease liability of approximately HK\$1,833,000 as if HKFRS 16 had been applied since the commencement date.

## **NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

For the six months ended 31 December 2019

### **2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)**

#### **2.2 Practical expedients applied**

On the date of initial application of HKFRS 16, the Group has used the following practical expedients permitted by the standard:

- not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the Group relied on its assessment made applying HKAS 17 and HK(IFRIC)-4 Determining whether an Arrangement contains a Lease
- the use of a single discount rate to a portfolio of leases with reasonably similar characteristics reliance on previous assessments on whether leases are onerous by applying HKAS 37 as an alternative to performing an impairment review
- the accounting for operating leases with a remaining lease term of less than 12 months as at 1 July 2019 as short-term leases
- the exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application; and
- the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

### **3. CHANGE IN ACCOUNTING POLICIES**

#### **Leases**

##### ***Definition of a lease***

Under HKFRS 16, a contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration.

##### ***The Group as lessee***

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

##### ***Lease liabilities***

At the commencement date, the Group measures lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted by using the interest rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 31 December 2019

### 3. CHANGE IN ACCOUNTING POLICIES (CONTINUED)

#### Leases (Continued)

##### *Lease liabilities (Continued)*

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising an option to terminate the lease.

The lease liability is presented as a separate line in the condensed consolidated statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

Lease liability is remeasured (and with a corresponding adjustment to the related right-of-use asset) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using revised discount rate.
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

## **NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

For the six months ended 31 December 2019

### **3. CHANGE IN ACCOUNTING POLICIES (CONTINUED)**

#### **Right-of-use assets**

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement date and any initial direct costs, less lease incentives received.

Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, provision is recognised and measured under HKAS 37 "Provision, Contingent Liabilities and Contingent Assets". The costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

They are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The Group presents right-of-use assets as a separate line item on the condensed consolidated statement of financial position.

The Group applies HKAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the "Property, plant and equipment" policy as stated in the Group's annual consolidated financial statements for the year ended 30 June 2019.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line "Administrative expenses" in the condensed consolidated statement of profit or loss and other comprehensive income.

### **4. SEGMENT INFORMATION**

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

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

- i) Building maintenance; and
- ii) Renovation.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 31 December 2019

### 4. SEGMENT INFORMATION (CONTINUED)

#### (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 2019*

	Building maintenance HK\$'000 (Unaudited)	Renovation HK\$'000 (Unaudited)	Total HK\$'000 (Unaudited)
Segment revenue	134,525	67,630	202,155
Segment profit	8,162	2,409	10,571
Unallocated corporate income			1,545
Central administration costs			(14,242)
Finance costs			(64)
Profit before taxation			(2,190)

*For the six months ended 31 December 2018*

	Building maintenance HK\$'000 (Unaudited)	Renovation HK\$'000 (Unaudited)	Sales of visible light photocatalysis products HK\$'000 (Unaudited)	Total HK\$'000 (Unaudited)
Segment revenue	215,974	22,837	1,099	239,910
Segment profit	16,816	1,354	12,148	30,318
Unallocated corporate income				944
Central administration costs				(22,523)
Finance costs				(2,702)
Profit before taxation				6,037

The revenue from provision of building maintenance service and renovation service were recognised over time and the sales of visible light photocatalysis were recognised at a point of time.

An operating segment regarding the sales of visible light photocatalysis products were discontinued since April 2019.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 31 December 2019

### 4. SEGMENT INFORMATION (CONTINUED)

#### (a) Segment revenue and results (Continued)

The accounting policies of the reporting and operating segments are the same as the Group's accounting policies. Segment profit represents the profit earned by each segment without allocation of certain unallocated corporate income, central administration costs and finance costs. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

There were no inter-segment sales between different business segments for the periods ended 31 December 2019 and 2018.

#### (b) Segment assets and liabilities

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

	<b>31 December 2019 HK\$'000 (Unaudited)</b>	30 June 2019 HK\$'000 (Audited)
<b>Segment assets</b>		
Building maintenance	<b>85,666</b>	90,325
Renovation	<b>44,253</b>	43,278
Total segment assets	<b>129,919</b>	133,603
Unallocated corporate assets	<b>117,908</b>	76,062
	<b>247,827</b>	209,665
Assets relating to discounted operation	—	21,400
Total assets	<b>247,827</b>	231,065
<b>Segment liabilities</b>		
Building maintenance	<b>47,826</b>	49,510
Renovation	<b>28,658</b>	7,934
Total segment liabilities	<b>76,484</b>	57,444
Unallocated corporate liabilities	<b>8,600</b>	11,229
Total liabilities	<b>85,084</b>	68,673

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 31 December 2019

### 5. FINANCE COSTS

	Six months ended 31 December	
	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)
Interest on:		
– Bank borrowings	25	2,665
– Obligations under finance leases	–	37
– Lease liabilities	39	–
	<b>64</b>	<b>2,702</b>

### 6. INCOME TAX EXPENSES

	Six months ended 31 December	
	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)
Current tax:		
Hong Kong Profits Tax	–	791
Deferred tax	–	830
	<b>–</b>	<b>1,621</b>

### 7. (LOSS) PROFIT FOR THE PERIOD

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

	Six months ended 31 December	
	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)
Bank interest income	(293)	(189)
Loan interest income	(657)	(416)
Amount of inventories recognised as expenses	–	463
Net exchange losses	–	4
Other income (Note)	(595)	(41)
Net gain on disposal of property, plant and equipment	–	(37)
Rental income, net of nil direct outgoings	–	(197)
Amortisation of prepaid lease payments	–	558
Depreciation of property, plant and equipment	407	1,536
Minimum lease payments paid under operating leases	–	2,387

Note: During the period ended 31 December 2019, other income of approximately HK\$595,000 which is mainly represented the net income from the sales of construction materials of HK\$19.1 million (included in other receivables) net of cost of goods sold of approximately HK\$18.8 million and the overstated staff cost of approximately HK\$237,000.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 31 December 2019

### 8. DIVIDENDS

The directors of the Company do not recommend the payment of an interim dividend for the six months ended 31 December 2019 (2018: nil).

### 9. EARNINGS PER SHARE

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

	Six months ended 31 December	
	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)
<b>Earnings</b>		
Earnings for the purpose of basic earnings per share	244	5,510
	Six months ended 31 December	
	2019 '000 (Unaudited)	2018 '000 (Unaudited)
<b>Number of shares</b>		
Weighted average number of ordinary shares for the purpose of basic earnings per share	5,594,000	5,594,000

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

### 10. PROPERTY, PLANT AND EQUIPMENT

No acquisition or disposal for the six months ended 31 December 2019. During the six months ended 31 December 2018, the Group acquired motor vehicles amounting to approximately HK\$1,312,000. Motor vehicles with a net carrying value of approximately HK\$937,000 were disposed of by the Group during the six months ended 31 December 2018 for cash proceeds of HK\$974,000.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 31 December 2019

### 11. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

#### (i) Right-of-use assets

Under adoption of HKFRS 16 using the modified retrospective method, on 1 July 2019, the Group recognised right-of-use assets of approximately HK\$1,833,000 in respect of the leased properties. As at 31 December 2019, the carrying amount of right-of-use assets were approximately HK\$1,062,000 and HK\$ 1,298,000 in respect of the leased properties and motor vehicles, respectively.

#### (ii) Lease liabilities

Upon adoption of HKFRS 16, on 1 July 2019, the Group recognised lease liabilities of HK\$1,833,000 in respect of leased properties. As at 31 December 2019, the carrying amount of lease liabilities was approximately HK\$1,348,000.

#### (iii) Amounts recognised in profit or loss

	For the six months ended 31 December 2019 HK\$'000
Depreciation expense on right-of-use assets	875
Interest expense on lease liabilities	33

#### (iv) Others

The total cash outflow for leases amount to HK\$856,000.

### 12. TRADE AND OTHER RECEIVABLES

The Group does not have a standardised and universal credit period granted to its customers, and the credit period of individual customer is considered on a case-by-case basis and stipulated in the project contract, as appropriate, for the building maintenance and renovation services. For the sales of visible light photocatalysis products, the Group generally allows an average credit period of 120 days to the customers. The following is an ageing analysis of trade receivables, presented based on the certified report and/or based on invoice dates which approximate revenue recognition date at the end of the reporting period:

	31 December 2019 HK\$'000 (Unaudited)	30 June 2019 HK\$'000 (Audited)
Within 90 days	7,903	25,410
91 to 180 days	18,701	5,879
181 to 365 days	10,980	11,156
1 to 2 years	4,095	12,150
Over 2 years	940	940
	<b>42,619</b>	55,535

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 31 December 2019

### 13. TRADE AND OTHER PAYABLES

The following is an ageing analysis of trade payables presented based on the invoice date at the end of the reporting period:

	<b>31 December 2019 HK\$'000 (Unaudited)</b>	30 June 2019 HK\$'000 (Audited)
Within 90 days	25,055	21,842
91 to 180 days	1,372	9,675
181 to 365 days	21,903	5,190
1 to 2 years	14,467	5,750
Over 2 years	4,401	4,628
	<b>67,198</b>	47,085

### 14. BANK BORROWING

	<b>31 December 2019 HK\$'000 (Unaudited)</b>	30 June 2019 HK\$'000 (Audited)
Secured and guaranteed	—	2,146
Carrying amount of bank borrowings repayable (based on scheduled repayment dates set out in the loan agreement)		
— Within one year	—	2,146
	—	2,146
Carrying amount repayable within one year	—	2,146
Amounts shown under current liabilities	—	2,146
	—	2,146

All the bank borrowings were repaid during the current interim period.

As at 30 June 2019, bank borrowings for Hong Kong carried at Hong Kong Interbank Offered Rate ("HIBOR") plus 2.5% which is 3.30% to 3.67% per annum. The bank borrowings and general banking facilities were secured and/or guaranteed by the corporate guarantee given by the Company and the Group's pledged bank deposits.

As at 30 June 2019, bank borrowings for the PRC carried at a fixed interest rate of 6.00% to 6.87% per annum. The bank borrowings and general banking facilities were secured and/or guaranteed given by an independent third party and the Group's prepaid lease payments.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 31 December 2019

### 15. SHARE CAPITAL

Ordinary share	Number of Ordinary shares	Nominal value of ordinary shares HK\$'000
Authorised:		
Ordinary share of HK\$0.002 each at 30 June 2019 (audited) and 31 December 2019 (unaudited)	10,000,000,000	20,000
Issued and fully paid:		
Ordinary share of HK\$0.002 each at 30 June 2019 (audited) and 31 December 2019 (unaudited)	5,594,000,000	11,189

### 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 high quality staff, 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 2019 and 30 June 2019.

### 17. CONTINGENT LIABILITIES

#### (a) Contingent liabilities in respect of legal claims

One subsidiary of the Group is defendant in a number of claims, lawsuits and potential claims relating to employees' compensation cases and personal injuries claims. The directors 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) Guarantee issued

At the end of each reporting period, the Group had provided guarantees to bank in respect of the following:

	31 December 2019 HK\$'000 (Unaudited)	30 June 2019 HK\$'000 (Audited)
Performance bonds in favor of its clients	2,822	2,822

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 31 December 2019

### 17. CONTINGENT LIABILITIES (CONTINUED)

#### (b) Guarantee issued (Continued)

As at 31 December 2019, HK\$2,822,000 (30 June 2019: HK\$2,822,000) of performance bonds were given by a bank in favour of some of the Group's customers as security for the due performance and observance of the Group's obligations under the service contracts entered into between the Group and its customers. If the Group fails to provide satisfactory performance to its customers to whom performance bonds have been given, such customers may demand the bank to pay to them the sum or sums stipulated in such demand. The Group will then become liable to compensate such banks accordingly. The performance bonds will be released upon completion of the contract work for the relevant customers.

### 18. PLEDGE OF ASSETS

As at 31 December 2019, the Group had pledged bank deposits of approximately HK\$1,418,000 (30 June 2019: HK\$1,411,000) 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\$1,299,000 (30 June 2019: HK\$1,751,000).

### 19. RELATED PARTY TRANSACTIONS

#### Compensation of key management personnel

The remuneration of directors of the Company and other members of key management personnel during the period were as follows:

	Six months ended 31 December	
	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)
Short-term benefits	4,970	6,787
Post-employment benefits	67	76
	<b>5,037</b>	6,863

### 20. MAJOR NON-CASH TRANSACTION

No major non-cash transaction for the period ended 31 December 2019. During the six months ended 31 December 2019, the Group entered into finance lease arrangements in respect of motor vehicles with a total capital value at the inception of the leases of approximately HK\$1,289,000.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 31 December 2019

### 21. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

Some of the Group's financial assets are measured at fair value at the end of each reporting period. The following table gives information about how the fair values are determined (in particular, the valuation techniques and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorised (Level 1 to 3) based on the degree to which the inputs to the fair value measurements are observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active market for identical assets or liabilities.
- Level 2 fair value measurements are those derive from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Financial assets	Fair value as at		Fair value hierarchy	Valuation technique and key input
	31 December 2019 (Unaudited) HK\$'000	30 June 2019 (Audited) HK\$'000		
Unlisted equity investment financial assets at FVTOCI	4,490	1,949	Level 3	Market approach

Note: As at 30 June 2019, the financial assets at fair value through other comprehensive income was measured at cost less identified impairment losses.

The Directors consider that the carrying amounts of other financial assets and financial liabilities recorded at amortised cost in the condensed consolidated financial statements approximate their fair values.