YAT SING HOLDINGS LIMITED
日成控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 3708

Annual Report 2017

Contents

Corporate Information

EXECUTIVE DIRECTORS

Mr. DAI Jian (Chairman and Chief Executive Officer) (appointed on 14 January 2017)
Mr. DAI Ming (appointed on 3 August 2017)
Mr. DAI Jialong (appointed on 14 January 2017 and resigned on 3 August 2017)
Mr. LAI Aizhong (resigned on 14 January 2017)
Mr. LIU Winson Wing Sun (resigned on 14 January 2017)
Mr. KAN Yiu Keung (resigned on 14 January 2017)
Mr. CHAN Lo Kin (resigned on 14 January 2017)

NON-EXECUTIVE DIRECTOR

Mr. KAN Yiu Kwok (resigned on 14 January 2017)

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. GUO Biao
Ms. SONG Dan
Mr. CHAN Foon (appointed on 14 January 2017)
Ms. TONG Sze Wan (resigned on 14 January 2017)

AUDIT COMMITTEE

Mr. CHAN Foon (Chairman) (appointed on 14 January 2017)
Mr. GUO Biao
Ms. SONG Dan
Ms. TONG Sze Wan (resigned on 14 January 2017)

NOMINATION COMMITTEE

Mr. DAI Jian (Chairman) (appointed on 14 January 2017)
Mr. GUO Biao
Mr. CHAN Foon (appointed on 14 January 2017)
Mr. LAI Aizhong (resigned on 14 January 2017)
Ms. TONG Sze Wan (resigned on 14 January 2017)

REMUNERATION COMMITTEE

Mr. GUO Biao (Chairman)
Mr. CHAN Foon (appointed on 14 January 2017)
Ms. SONG Dan (appointed on 14 January 2017)
Mr. CHAN Lo Kin (resigned on 14 January 2017)
Ms. TONG Sze Wan (resigned on 14 January 2017)

COMPANY SECRETARY

Mr. FUNG Nam Shan

AUTHROIZED REPRESENTATIVES

Mr. FUNG Nam Shan
Mr. DAI Jian (appointed on 14 January 2017)
Mr. LAI Aizhong (resigned on 14 January 2017)

INDEPENDENT AUDITORS

SHINEWING (HK) CPA Limited

LEGAL ADVISER

As to Hong Kong Law
P.C. Woo & Co
Loong & Yeung

REGISTERED OFFICE IN THE CAYMAN ISLANDS

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

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG REGISTERED UNDER PART 16 OF THE COMPANIES ORDINANCE

Room 1402, 14/F
China Resources Building
26 Harbour Road
Wanchai
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN THE CAYMAN ISLAND

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 Corporation
Tsim Sha Tsui Commercial Banking Office

China CITIC Bank International Limited
Des Voeux Road Central Branch

COMPANY WEBSITE

www.yat-sing.com.hk

STOCK CODE

03708

Chairman's Statement

TO OUR SHAREHOLDERS

On behalf of the board (the "Board") of directors (the "Directors") of Yat Sing Holdings Limited (the "Company", together with its subsidiaries, the "Group"), I am pleased to present our annual report of the Group for the year ended 30 June 2017 (the "Year").

RESULTS

For the Year, the Group recorded a revenue of approximately HK$513.5 million, an increase of approximately HK$25.4 million or 5.2% from HK$488.1 million recorded in the same period in 2016. Consolidated profit attributable to owners of the Company for the Year decrease by approximately HK$10.3 million or 88.8% to HK$1.3 million (2016: HK$11.6 million).

The basic and diluted earnings per share of the Company (the "Share") for the Year was approximately HK0.12 cents (2016: HK1.04 cents).

As at 30 June 2017, the equity attributable to owners of the Company amounted to HK$171.5 million (2016: HK$170.2 million), representing an increase of 0.8%.

DEVELOPMENT FOR THE YEAR

For the core business of maintenance works for public sector, the Group has been awarded a contract with a notional or estimated contract value of approximately HK$45.9 million for a contract period of 20 months by Hong Kong Housing Authority (the "Housing Authority") in July 2016. The project commenced in August 2016.

CHANGE OF CONTROLLING SHAREHOLDER

On 27 October 2016, Smart Paradise International Limited ("Smart Paradise") became the controlling shareholder of the Company upon completion of a sale and purchase agreement dated 26 October 2016 relating to the sale of 599,100,000 Shares of the Company at a cash consideration of HK$337,293,300. Details of the change of controlling shareholder were set out in the joint announcement dated 27 October 2016 issued by the Company and Smart Paradise. On 13 January 2017, after the close of the unconditional mandatory cash offer, Smart Paradise held 599,100,000 Shares of the Company, details of which were set out in the announcement dated 13 January 2017 issued by the Company and Smart Paradise.

Chairman's Statement

PROSPECTS

Looking forward, with continuous spending on infrastructure and residential building works by public sector, the Group is expecting stable growth in the building and maintenance and renovation contracting service industry in Hong Kong, on which the Group keeps the business focus. Riding on the operating resources and experience, the Group believes that the Group can continue to maintain the competitive edge in the industry to capture the market share for building maintenance and renovation contracting services in Hong Kong.

The Board will conduct a review on the financial position and the operations of the Company and will formulate long-term business plans and strategies of the Company, explore other business opportunities and consider whether any asset disposals, asset acquisition, business rationalization, business divestment, fund raising, restructuring of the business and/or business diversification will be appropriate in order to enhance the long-term growth potential of the Company.

The Group identifies that the investment in the graphene photocatalytic technology would bring in potential business opportunity and therefore, entered into a conditional sale and purchase agreement to acquire 55% equity interests in Jiangyin Grabene Graphene Photocatalytic Technology Co., Ltd.* (江陰嘉潤石墨烯光催化技術有限公司), which is principally engaged in research and development, manufacturing, processing, sales, technical advisory and services of visible light photocatalysis products. As at the date of this report, the acquisition has not been completed.

APPRECIATION

On behalf of the Board, I would like to express my sincere gratitude to the shareholders of the Company ("Shareholders") for their continuous confidence, the business partners for their great trust, and the management and staff for their persistent faith and loyalty to the Group. In the coming year, the Group shall continue to explore new opportunities and strive for business growth to bring the highest returns to the Shareholders.

DAI Jian
Chairman

Hong Kong, 29 September 2017

* *for identification purpose only*

Management Discussion and Analysis

BUSINESS MODEL AND STRATEGY

The Group has more than 50 years of experience and knowledge in the building maintenance and renovation industry and has now become one of the major service providers of the industry in Hong Kong. In 1996, the Group was admitted to the Housing Authority's contractor list under the "Building (Maintenance) Group M2 (confirmed status)" category which enables the Group to tender for Housing Authority contracts for building maintenance and renovation works of unlimited value.

Our corporate objective is to create and enhance value for the Shareholders. To attain such objective, the Group strives to maintain stable growth and profitability by obtaining sustainable projects in both public and private sectors. To monitor projects as a main contractor, we have to carry out overall project management and supervision of works conducted by our subcontractors. As a result, the works performed by subcontractors can be ensured to conform to contractual specifications and be completed on time and within budget.

BUSINESS REVIEW

The Group is a building maintenance and renovation service provider in Hong Kong. All revenue for the Year was derived from building maintenance and renovation services.

Building maintenance services

As at 30 June 2017, we had 7 building maintenance contracts on hand (including contracts in progress and contracts which are yet to commence) with a notional or estimated contract value of approximately HK$640.5 million. As at 30 June 2016, we had 6 building maintenance contracts on hand with a notional or estimated contract value of HK$1,072.3 million. During the Year, we have completed 2 building maintenance contracts.

Renovation services

As at 30 June 2017, we had 9 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$138.9 million. As at 30 June 2016, we had 6 renovation contracts on hand with a notional or estimated contact value of HK$362.7 million. During the Year, we have completed 3 renovation contracts.

Management Discussion and Analysis

Principal risks and uncertainties

The list below sets forth the principal risk and uncertainties in relation to the operations:

Most of the revenue is derived from contracts awarded through competitive tendering. There is no guarantee that the existing contracts may continue upon expiry or new contracts may be awarded to the Group to maintain or expand the business.

Most of the revenue is derived from contracts awarded through competitive tendering and is not recurring in nature. The Group are required to submit new tenders upon expiry of existing contracts or to bid for new contracts from time to time. The contract period for building maintenance projects normally lasts for three years whereas the contract period for renovation projects typically ranges from 2 months to 36 months. There is no right of first refusal upon expiry of such contracts and therefore, there is a risk that the Group may not succeed in tendering for the same customer's services upon the expiry of the service contract. Even if the Group are able to meet the pre-requisite requirements for tendering, there is no assurance that (i) the Group would be invited to or are made aware of the tendering process; or (ii) the terms and conditions of the new contracts would be comparable to the existing contracts; or (iii) the tenders would be selected by customers. In the competitive tendering process, the Group may have to lower the service charges or offer more favourable terms to the customers in order to increase the competitiveness of the tenders, and if the Group are unable to reduce the costs accordingly and maintain the competitiveness, the results of operations would be adversely affected. Furthermore, so far as the Directors are aware, most of the customers have maintained an evaluation system to ensure that the service providers meet certain standards of management, industrial expertise, financial capability, reputation and regulatory compliance which may change from time to time. There is no assurance that the Group will meet the customers' tendering requirements in which case the Group may not be granted the tender and the reputation, business operations, financial condition and results of operations may be adversely affected.

The cash flows may fluctuate due to the payment practice applied to the projects.

As a main contractor, the Group normally incur net cash outflows as the Group are required to pay the set-up expenditures, costs for procurement of materials and equipment and in some circumstances, advance payment to the sub-contractors for payment of wages and/or necessary materials and equipment in advance of payments from the customers at the early stage of carrying out the works. The customers pay progress payments after the works are progressing and such works progress and progress payments are certified by the customers on a monthly basis. Accordingly, the cash flows of a particular project will turn from net outflows at the early stage into accumulative net inflows gradually as the works progress. If the Group take up too many significant projects, which require substantial initial setting up costs without sufficient cash inflow from other projects or other suitable sources of funds at a particular point of time, the corresponding cash flow position may be adversely affected.

The Group may take a long time to collect the trade receivables.

There can be no assurance that our clients will pay us the progress payments on time or at all. Delayed payments from the customers may pose difficulties for us to manage the working capital or adversely impact the liquidity. If the Group cannot finance the working capital, the business and financial performance could be materially and adversely affected. The Group continuously monitors collections and payments from the customers and reviews recoverable amount of each individual trade and other receivables regularly at the end of each reporting period to consider if there is any amount to be irrecoverable.

Management Discussion and Analysis

A significant percentage of the revenue and trade receivables is derived from the major customers.

The major customers during the Year include the Government, other public customers and private customers. There is no assurance that the major customers will maintain the current business relationship with the Group upon the expiry of the existing service contracts. If they choose not to do so or if they significantly reduce the level of services required from us, the Group may not be able to find other customers in a timely manner or at all to utilise the service capacity. As a result, the business operations, financial results and profitability will be adversely affected. Further, the Group expect that the Housing Authority will continue to be the largest customer in the near future. Therefore, any decrease or delay in the level of spending from such customers in the industry where the Group operate would have an adverse impact on the business operations, financial condition and results of operations. There is no assurance that the Group can diversify the composition of the customer base to include more private sector customers to replace any such loss of revenue generated from the public sector.

The Group is relying on certain principal subcontractors and changes in subcontracting fees may materially affect the financial performance.

As much of the works undertaken by the Group is delegated to subcontractors, timely completion of projects depends on, to a great extent, the due and timely performance of the subcontractors. There is no assurance that those major subcontractors will be able to continue to provide services to the Group at fees acceptable to us or the Group can maintain the relationship with them in the future. Changes in subcontracting fees may result from changes in cost of labour and materials, technical specifications or customers' requirements in connection with the projects. In some cases, additional labour costs and material costs derived from delay in completion of projects caused by adverse weather condition and other unforeseen problems and circumstances may increase the subcontracting fees. Accordingly, the Group have to bear the risk of fluctuations in subcontracting fees. In the event that any of the major subcontractors is unable to provide the required services to the Group or the subcontracting fees payable to the subcontractors increase substantially, changes in subcontracting fees may materially affect the financial performance and the Group's business, results of operations, profitability and liquidity may be adversely affected.

The Group realized the importance of sufficient financial funding. The Group will keep on to monitor and measure the liquidity and funding risk in an on-going basis, and ensure a sufficient cash flow for the business operations.

Other financial risks are set out in Note 27 to the consolidated financial statements.

Key financial and business performance indicators

The key financial and business performance indicators comprise profit attributable to owners of the Company, basic earnings per share and gearing ratio. Details of relevant analyses are shown in "Chairman's Statement" and "Management Discussion and Analysis" section of this annual report.

Management Discussion and Analysis

Environmental policies and performance

The Group recognizes its responsibility to protect the environment from its business activities. The Group continually seeks to identify and manage environmental impacts attributable to its operational activities in order to minimize these impacts if possible. The Group has endeavored to comply with laws and regulations regarding environmental protection and adopted effective environmental practices to ensure our business meets the required standards and ethics in respect of environmental protection.

Compliance with laws and regulations

The Group recognizes the importance of compliance with regulatory requirements and has taken efforts to minimize the risks of non-compliance with such requirements. The Group has on-going review on the newly enacted laws and regulations affecting the operations of the Group. The Group is not aware of any material breach on non-compliance with the laws and regulations that have a significant impact on the business and operations of the Group.

Key relationships with employees, customers and subcontractors

The Group regularly reviews the employment policies on remuneration and other benefits and ensures that all staff are reasonable remunerated.

We have established stable business relationships with our key customers and the longest of which has over 25 years of relationship with us. We believe that our comprehensive service range, quality management and on-time service delivery are our key edges in maintaining long term relationships with our customers. Having good and stable business relationship with customers in the building maintenance and renovation contracting service industry is especially important because good relationships with customers can open doors for job referrals from customers who are satisfied with our work quality. This in turn allows our Group to win new projects.

Subcontracting is commonplace in the building maintenance and renovation contracting service industry in Hong Kong as it minimises the number of employees employed directly by main contractors, increases labour mobility and brings about cost efficiency. As such, maintaining good relations with our subcontractors is crucial. We have established long-term business relationship with our subcontractors who are closely monitored and supervised by us. Through our past dealings with our subcontractors, we have acquired sufficient appreciation of their expertise and strengths for maintaining our internal list of approved subcontractors that are able to meet our safety and quality standards.

Management Discussion and Analysis

RECENT DEVELOPMENT

Building maintenance services

During the Year, we had been successfully awarded 5 contracts with a notional or estimated contract value of approximately HK$54.7 million. All of the newly awarded contracts were commenced during the Year.

The Group had been awarded a new District Term Contract ("DTC") with a notional or estimated contract value of approximately HK$272.1 million for a contract period of 36 months by Housing Authority in August 2017. The project is expected to commence during the fourth quarter of 2017.

Renovation services

During the Year, we had been successfully awarded 7 contracts with a notional or estimated contract value of approximately HK$104.5 million. Of the newly awarded contracts, 5 of them commenced with a notional or estimated contract value of approximately HK$30.4 million during the Year.

FINANCIAL REVIEW

Revenue

For the Year, the revenue of the Group was approximately HK$513.5 million representing an increase of approximately HK$25.4 million or 5.2% compared with approximately HK$488.1 million for the year ended 30 June 2016. All revenue was derived from building maintenance and renovation services.

Revenue derived from building maintenance services increased by approximately HK$25.8 million or 7.6% from approximately HK$341.3 million for the year ended 30 June 2016 to approximately HK$367.1 million during the Year. With three DTC already under operation during the Year (its usual full capacity), the commencement of the project for replacement of collapsible contributed to the increase in revenue.

Revenue derived from renovation services showed a mere decrease of approximately HK$0.4 million or 0.3% from approximately HK$146.7 million for the year ended 30 June 2016 to approximately HK$146.3 million during the Year. The revenue from renovation segment was mainly contributed by the project for the conversion of usage of an industrial building, which was the same as last year.

Gross profit

During the Year, the Group's gross profit amounted to approximately HK$45.2 million (2016: HK$44.9 million) representing a slight increase of approximately HK$0.3 million due to the resulted increase in revenue. Gross profit margin for the Year was approximately 8.8% (2016: 9.2%), the decrease was consistent with the decline in gross profit margin for both building maintenance and renovation segments as explained below.

Gross profit attributable to building maintenance services for the Year amounted to approximately HK$42.4 million (2016: HK$41.7 million), representing a slight increase of approximately HK$0.7 million or 1.7% due to the commencement of the project for replacement of collapsible during the Year. The Group's gross profit margin for building maintenance services for the Year was approximately 11.5% (2016: 12.2%). The slight decline in gross profit margin in this segment over the year ended 30 June 2016 was due to the commencement of the project for replacement of collapsible, which had lower gross profit margin than the three DTCs.

Gross profit attributable to renovation services for the Year amounted to approximately HK$2.8 million (2016: HK$3.2 million), representing a decrease of approximately HK$0.4 million or 12.5%. Gross profit margin from renovation services during the Year was approximately 1.9%, which was lower than the year ended 30 June 2016 of approximately 2.2%. With the increase in materials and interior renovation cost of the project for the conversion of usage of an industrial building after practical completion of superstructure, it resulted in decline in gross profit margin.

Other income

Other income of the Group was significant increase from approximately HK$0.3 million for the year ended 30 June 2016 to HK$1.5 million for the Year. The increase was mainly attributable to the sales of construction materials and electronic products which contributed net income of approximately HK$1.2 million.

Administrative expenses

Administrative expenses were approximately HK$39.8 million representing an increase of approximately HK$13.2 million or 49.6% compared with approximately HK$26.6 million for the year ended 30 June 2016.

The significantly higher administrative expenses of this year was mainly due to including but not limited to, the increase in staff cost, office rental charge, the professional and other related fees for preparing the composite documents in relation to the unconditional mandatory cash offer of the Company dated 23 December 2016.

Finance Costs

Finance costs for the Year amounted to approximately HK$0.04 million (2016: HK$0.4 million). The decrease in finance costs in current year mainly due to no interest incurred on bank loans during the Year.

Income tax

Income tax expense amounted to approximately HK$5.5 million, which was similar for the year ended 30 June 2016.

Profit for the Year

The Group's profit for the Year recorded a substantial decrease by approximately HK$10.3 million or 88.0% from approximately HK$11.7 million for the year ended 30 June 2016 to approximately HK$1.4 million for the Year.

Management Discussion and Analysis

Liquidity, financial resources and capital structure

As at 30 June 2017, the Group had current assets of approximately HK$273.9 million (2016: HK$274.5 million) and current liabilities of approximately HK$109.0 million (2016: HK$110.3 million). The current ratio (which is calculated on the basis of current assets over current liabilities) was 2.5 as at 30 June 2017, which was same as last year ended 30 June 2016.

The Group had total bank balances and cash of approximately HK$40.0 million (2016: HK$52.4 million). All the cash and bank balances are denominated in Hong Kong dollar.

As at 30 June 2017, the share capital and equity attributable to owners of the Company amounted to approximately HK$11.2 million and HK$171.5 million respectively (2016: HK$11.2 million and HK$170.2 million respectively).

Commitments

As at 30 June 2017 and 2016, the Group had outstanding commitments in respect of future minimum lease payments under non-cancellable lease of approximately HK$5.3 million and HK$8.9 million, respectively.

Foreign exchange risk

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

Gearing ratio

Gearing ratio is calculated based on the total debts divided by the total equity. The gearing ratio was approximately 2.6% and 3.7% as at 30 June 2017 and 2016, respectively.

Charge over assets of the Group

The Group had no pledged bank deposits as at 30 June 2017 and 2016.

As at 30 June 2017, the Group had motor vehicles amounted to HK$3.8 million vehicles held under finance leases (2016: HK$2.8 million).

Significant investments, acquisitions and disposals of subsidiaries

Save as disclosed in this report, there were no significant investments held, material acquisitions or disposals of subsidiaries and affiliated companies by the Group during the Year.

Contingent liabilities

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.

Save as disclosed above, the Group had no material contingent liabilities as at 30 June 2017 and 2016.

Employees and remuneration policies

As at 30 June 2017, the Group had approximately 118 employees (2016: 143). 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.

Biographies Of Directors and Senior Management

EXECUTIVE DIRECTORS

Mr. Dai Jian, aged 30, was appoint as the Chairman, an executive Director, the Chief Executive Officer, the chairman of the Nomination Committee on 14 January 2017. He is also the controlling shareholder of the Company. He holds a bachelor's degree in Finance from The Great Wall University Beijing. He has been an executive director and general manager of 河口縣錦鑫礦業有限公司 (transliterated as HekouJinxin Mining Limited Company) since September 2016. Currently, he has also been serving 江陰市友佳珠光雲母有限公司(transliterated as JiangyinYoujia Pearlescent Mica Co. Ltd.) ("Jiangyin Youjia") as a deputy manager of the department of research and development since December 2013. JiangyinYoujia is established in the PRC in 2003 and is a subsidiary of China Crystal New Material Holdings Co., Ltd. (中國晶體新材料控股有限公司) ("China Crystal"), which is a company incorporated in the Cayman Islands with limited liability in February 2012 and has been listed in the trading board of stock exchange in South Korea since 28 January 2016 (KOSDAQ stock code: 900250).

Mr. Dai Jian has been a deputy general manager of Jiangsu Province Special Synthetic Mica Engineering and Technology Research Center (江蘇省特種合成雲母工程技術研究中心) since January 2015, a centre established by 江陰市友佳珠光雲母有限公司 (transliterated as JiangyinYoujia Pearlescent Mica Co. Ltd.) which is a provincial engineering and technology research centre in Jiangsu Province. Mr. Dai Jian has taken part in various research and development projects, including producing electronic micavia artificial synthesis (人工電子合成雲母), automated production system of artificial crystal synthetic mica, etc.

He is the younger cousin of Mr. Dai Ming, an executive Director.

Mr. Dai Ming, aged 51, was appointed as an executive Director on 3 August 2017. He graduated from 上海市應用技術學院 (transliterated as Shanghai Institute of Technology) in Fine Chemicals (精細化工專業). He has been work for Jiangyin Youjia as vice president since February 2016.

During July 1988 to December 2000, Mr. Dai Ming worked for 江蘇永聯集團有限公司(江陰農藥廠), (transliterated as Jiangsu Yonglian Group Co., Ltd. (Jiangyin pesticide factory)) last serving as vice manager. He was the assistant general manager of 浙江綠得農藥化工有限公司 (transliterated as Zhejiang Green Pesticide Chemical Co., Ltd.) from February 2001 to January 2003.

Mr. Dai Ming was the general manager of 浙江捷馬化工集團連雲港寶誠化工有限公司 (transliterated as Zhejiang Jie Ma Chemical Group Lianyungang Baocheng Chemical Co., Ltd.) from February 2011 to December 2012 and 靖江市江陽精細化工有限公司 (transliterated as Jingjiang Jiangyang Fine Chemical Co., Ltd) from March 2013 to December 2015.

He is the elder cousin of Mr. Dai Jian, who is executive Director, Chairman and Chief Executive Officer.

Biographies Of Directors and Senior Management

INDEPENDENT NON-EXECUTIVE DIRECTORS

Ms. Song Dan, aged 33, was appointed as an independent non-executive Director, the member of the audit committee on 3 March 2016 and a member of the Remuneration Committee on 14 January 2017. She graduated from the Xiangtan University, Xiangtan City, Hunan Province. She is a degree holder in financial management. She is currently the chairman of 深圳市中金小額貸款有限公司 (transliterated as Shenzhenshi Zhongjin xiaoe Daikuan Company Limited.) Ms. Song had served as the president of retail banking in China Merchants Bank Company Limited (招商銀行股份有限公司). She has in-depth knowledge on financial and banking businesses.

Mr. Guo Biao, aged 34, was appointed as an independent non-executive Director, the chairman of the remuneration committee, and a member of each of the audit committee and nomination committee on 3 March 2016. He has a master degree of Business Administration in Finance from the Chinese University of Hong Kong, master degree in management from University of South China, and a bachelor degree in management from the Henan University of Economics & Laws. He has extensive experience in financial services industries. Mr. Guo is currently the Deputy General Manager in Yue Xiu Asset Management Limited (越秀資產管理有限公司).

Mr. Chan Foon, aged 44, was appointed as an independent non-executive Director, the chairman of the audit committee and a member of each of the remuneration committee and the nomination committee on 14 January 2017. He holds a Bachelor of Science degree from the University of Southern California and is an associate member of the Hong Kong Institute of Certified Public Accountants. Mr. Chan Foon has been an independent non-executive director of China Crystal since July 2012. He is currently the financial controller and joint company secretary of Li Heng Chemical Fibre Technologies Limited. He had extensive audit experience with two international audit firms and a listed company in Hong Kong.

SENIOR MANAGEMENT

Mr. LIU Winson Wing Sun (廖永燊先生), aged 42, is a director of ABO Group Limited ("ABO") and Sing Fat Construction Company, Limited ("Sing Fat Construction"), both are subsidiaries of the Company. He has over 14 years of experience in building maintenance and renovation contracting service industry in Hong Kong. Mr. LIU is primarily responsible for the overall management, strategic planning and business development of our building maintenance and renovation services. He is also our safety director who is responsible for overseeing all occupational health, safety and environmental matters of our Group. Mr. LIU also acts as one of our construction managers for project execution in respect of some of our projects. Mr. LIU joined our Group as a works coordinator in March 2002 and has been promoted to safety director in November 2005 and construction manager in January 2009. Prior to joining our Group in March 2002, he worked as an assistant valuer at the Associated Surveyors and Auctioneers Limited, a company principally engaged in property valuation and auctioneering services where he was responsible for providing assistance in property valuation and preparation of valuation reports.

Mr. LIU graduated from the University of Technology, Sydney in Australia in May 1999 with a Bachelor of Land Economics. He further obtained his diploma in construction, a distance learning course organised by the College of Estate Management in England in February 2004 and a professional diploma in corporate governance and directorship from the Hong Kong Institute of Directors in November 2008. Mr. LIU was admitted as an incorporate member of the Chartered Institute of Building in June 2004 and a member of the Australian Institute of Building in September 2007. He was admitted as a member of the Hong Kong Institute of Construction Managers in January 2009 and an associate of the Australian Property Institute in February 2011.

Biographies Of Directors and Senior Management

Mr. KAN Yiu Keung (簡耀強先生), aged 50, is a director of ABO and Sing Fat Construction and also the project director of our Group who is responsible for overseeing all projects with public sector customers, project management and monitoring the progress of all projects for public sector customers. He has over 31 years of experience in building maintenance and renovation contracting service industry in Hong Kong. Mr. KAN is primarily responsible for general management and day-to-day operation of our Group. Mr. KAN joined our Group as a project director in September 2000. Prior to joining our Group, he worked as a director of Rich China Engineering Limited (a subcontractor for building maintenance projects) from April 1998 to August 2000. From May 1994 to March 1998, he worked as a director of Jetkind Construction Engineering Limited which is also a subcontractor for building maintenance projects. From March 1991 to April 1994, he worked in Shing Kai Engineering Company as a site agent where he was mainly responsible for on-site management of building maintenance projects. From August 1985 to February 1991, he worked as a foreman for Shing Kai Engineering Company. Mr. KAN completed his secondary education and graduated from Sham Shui Po Secondary School in July 1985. He completed Site Safety Management Course and Accident Prevention Course organised by the University of Hong Kong in October and November 2004. Mr. KAN was admitted as a corporate member of the Asia Institute of Building in April 2009.

Mr. CHAN Lo Kin (陳勞健先生), aged 65, is a director of ABO and Sing Fat Construction and also our administration director who is our management representative responsible for managing our management system in accordance with ISO9001:2008 standards and requirements. He has over 38 years of experience in building maintenance and renovation contracting service industry in Hong Kong. Mr. CHAN is primarily responsible for day-to-day operation of our Group. Mr. CHAN joined our Group as a director of Sing Fat Construction in March 1992. Prior to joining our Group, he worked as a director of Chuen Shing Construction Company Limited from February 1991 to until August 2007. From October 1978 to January 1991, he worked as a general manager responsible for accounting matters of a sole proprietorship established in Hong Kong, which was principally engaged in metal works engineering. Mr. CHAN graduated from Yuet Wah College in (Macao) in June 1976.

Mr. CHEUNG Yat Ming (張日銘先生), aged 55, is the authorised signatory technical director and construction engineer of the Group. Mr. CHEUNG joined the Group as a technical director and construction engineer in August 1999. He has over 17 years of experience in construction engineering. Mr. CHEUNG is responsible for overseeing the engineering operations and the technical aspect of various projects. Prior to joining the Group, he worked as an engineer at Wong & Ouyang (Civil-Structural Engineering) Limited where he was responsible for engineering design work for various projects undertaken from September 1994 to December 1998. Mr. CHEUNG graduated from the University of Sheffield in England in July 1994 with a Bachelor of Engineering. Mr. CHEUNG is a registered professional engineer of the Hong Kong Engineers Registration Board. He is also a member of the Hong Kong Institution of Engineers.

Biographies Of Directors and Senior Management

Mr. LEE Yiu Hung (李耀雄先生), aged 55, is the safety manager of the Group. He has over 17 years of experience in safety management in construction projects. Mr. LEE is responsible for implementing and developing the safety and environmental management system and monitoring compliance of occupational health, safety and environmental compliance. Mr. LEE joined the Group as a safety supervisor in May 2008 and was promoted to safety officer in May 2009. He was further promoted to safety manager in 2013. Prior to joining the Group in May 2008, he worked as a safety supervisor at Jet Consultant Limited where he was responsible for assisting safety officer to implement site safety measures and monitor day-to-day site safety management from August 2002 to May 2008. Mr. LEE graduated from China University of Geoscience, Wuhan in April 2004 with a diploma in safety engineering and completed the Professional Auditing Safety Scheme (Safety Auditor Training Scheme) organised by the Hong Kong Safety Management Association in November 2010. Mr. LEE is a safety officer and safety auditor registered with the Labour Department.

COMPANY SECRETARY

Mr. FUNG Nam Shan (馮南山先生), aged 40, appointed as a company secretary and authorised representative on 3 March 2016. He holds a bachelor's degree in accounting awarded by the University of Newcastle, Australia. Mr. Fung has become a certified public accountant of the Hong Kong Institute of Certified Public Accountants since February 2010 and a Certified Practising Accountant of CPA Australia since October 2003.

Currently, Mr. Fung is an independent non-executive director of Energy International Investment Holdings Limited (listed on the Main Board ("Main Board") of the Stock Exchange of Hong Kong Limited (the "Stock Exchange") (stock code: 0353)), the company secretary and authorized representative of Seamless Green China (Holdings) Limited (listed on the GEM of the Stock Exchange (stock code: 8150)), the company secretary of each of Camsing International Holding Limited (listed on the Main Board (stock code: 2662)) and Thelloy Development Group Limited (listed on GEM (stock code: 8122)). He was the joint company secretary of Future Bright Mining Holdings Limited (currently listed on the Main Board (stock code: 2212)) during the period from 4 November 2015 to 14 October 2016. He was the company secretary and authorised representative of China Ocean Fishing Holdings Limited (listed on GEM (stock code: 8047)) during the period from 20 May 2015 to 16 May 2017.

Mr. Fung served Zhejiang Chang'an Renheng Technology Co., Ltd. (listed on GEM (stock code: 8139)) as financial controller and secretary from April 2013 to March 2014. Mr. Fung was employed as financial controller and company secretary of South China Land Limited (currently listed on GEM (stock code: 8155)) from February 2010 to April 2013. Mr. Fung served for a reputable property development group as financial controller from 2009 to 2010. He has worked for PricewaterhouseCoopers as an audit manager for several years which he accumulated experience in auditing, accounting and taxation in Hong Kong and the PRC. He has been one of the marketing committee members of The Hong Kong Youth Hostels and also a member of its charity walk organising committee since 2012.

Directors' Report

The Board is pleased to present their report together with the audited consolidated financial statements of the Group for the Year.

PRINCIPAL PLACE OF BUSINESS

The Company was incorporated on 17 September 2014 in the Cayman Islands. The Company is domiciled in Hong Kong and has its principal place of business at Room 1402, 14/F, China Resources Building, 26 Harbour Road, Wanchai, Hong Kong.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are set out in Note 34 to the Financial Statements. There were no significant changes in the nature of the Group's principal activities during the Year.

RESULTS AND APPROPRIATIONS

The results of the Group for the Year are set out in the consolidated statement of profit or loss and other comprehensive income on page 58 of this annual report.

The Board does not recommend the payment of a final dividend for the Year (2016: nil).

CLOSURE OF REGISTER OF MEMBERS

For determining the entitlement to attend and vote at the annual general meeting of the Company ("AGM") to be held on 30 November 2017, the register of members of the Company will be closed from Friday, 24 November 2017 to Thursday , 30 November 2017, both days inclusive, during which period no transfer of Shares will be effected. In order to be eligible to attend and vote at the AGM, all transfers documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Union Registrars Limited, at Suites 3301-04, 33/F, Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong for registration not later than 4:00 p.m. on 23 November 2017.

RESERVES

Movements in the reserves of the Group during the Year are set out in consolidated statement of changes in equity on page 61 of this annual report.

Distributable reserves of the Company as at 30 June 2017 amounted to approximately HK$45.1 million (2016: HK$55.0 million).

DONATIONS

During the Year, the Group made charitable and other donations of HK$20,000 (2016: Nil).

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in property, plant and equipment of the Group are set out in Note 15 to the Financial Statements.

SUBSIDIARIES

Particulars of the Company's principal subsidiaries during the Year are set out in Note 34 to the Financial Statements.

SHARE CAPITAL

The Company's total issued share capital as at 30 June 2017 was 1,118,800,000 ordinary Shares of HK$0.01 per Share.

Details of movements in the share capital of the Company during the Year are set out in Note 25 to the Financial Statements.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the memorandum and articles of association of the Company and there was no restriction against such rights under the laws of Cayman Islands, which would oblige the Company to offer new Share on a pro-rata basis to existing Shareholders.

PERMITTED INDEMNITY

Pursuant to the Company's Articles of Association (the "Articles"), all the Directors shall be indemnified and secured harmless out of the assets of the Company from and against all actions, cost, charges, losses, damages and expenses which they shall or may incur or sustain. In addition, the Company has arranged for appropriate Directors and officers liability insurance to indemnify its Directors and officers against liabilities arising out of legal action on corporate activities.

SHARE OPTION SCHEME

Pursuant to the written resolutions of the 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. 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.

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 on the date of grant, (ii) the average closing price of the Shares for the five business days immediately preceding the date of grant; and (iii) the nominal value of the Share.

The Scheme will remain in force for a period of ten years commencing on the date on 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 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 each reporting period.

GROUP FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on page 112 of this annual report.

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

During the Year and up to the date of this annual report, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed securities of the Company.

DIRECTORS

The Directors during the Year and up to the date of this annual report are:

Executive Directors

Mr. DAI Jian (Chairman and Chief Executive Officer)	(appointed on 14 January 2017)
Mr. DAI Ming	(appointed on 3 August 2017)
Mr. DAI Jialong	(appointed on 14 January 2017 and resigned on 3 August 2017)
Mr. LAI Aizhong	(resigned on 14 January 2017)
Mr. LIU Winson Wing Sun	(resigned on 14 January 2017)
Mr. KAN Yiu Keung	(resigned on 14 January 2017)
Mr. CHAN Lo Kin	(resigned on 14 January 2017)

Non-executive Director

Mr. KAN Yiu Kwok	(resigned on 14 January 2017)

Independent non-executive Directors

Mr. CHAN Foon	(appointed on 14 January 2017)
Mr. GUO Biao	
Ms. SONG Dan	
Ms. TONG Sze Wan	(resigned on 14 January 2017)

Pursuant to article 108(a) of the Articles, Mr. GUO Biao and Ms. SONG Dan shall retire by rotation at the forthcoming annual general meeting of the Company (the "AGM") and all of them, being eligible, have offered themselves for re-election.

Pursuant to article 112 of the Articles, Mr. DAI Jian, Mr. DAI Ming and Mr. CHAN Foon shall retire at the forthcoming AGM and all of them, being eligible, have offered themselves for re-election.

DIRECTORS' SERVICE CONTRACTS

The Company has entered into service contracts with all Directors for a term of three years which shall be continuing unless and until terminated by either party thereto giving to the other not less than six months written notice.

Save as disclosed above, none of the Directors has a contract of service with the Company or any of its subsidiaries not determinable by the employing company within one year without payment of compensation (except for statutory compensation).

REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

The emoluments of the Directors and senior management of the Group are determined by the remuneration committee of the Company with reference to their relevant qualifications, experience, competence and the prevailing market conditions. None of the Directors waived or agreed to waive any emoluments during the Year.

Senior management's remuneration of the Group during the Year falls within the following bands:

	No. of individuals
HK$1 to HK$1,000,000	3
HK$1,000,001 to HK$1,500,000	2

Details of the emoluments of the Directors and five highest paid individuals during the Year are set out in Notes 11 and 12 to the Financial Statements.

MANAGEMENT CONTRACTS

No management contracts concerning the whole or any substantial part of the business of the Company were entered into or existed during the Year.

CONTROLLING SHAREHOLDERS' AND DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS AND CONTRACTS OF SIGNIFICANCE

There were no transactions, arrangements and contracts of significance in relation to the Group's business to which the Company or any of its subsidiaries and fellow subsidiaries was a party and in which a Director and the Director's connected party or a controlling shareholder had a material interest, whether directly or indirectly, subsisted at the end of the Year and up to the date of this annual report or at any time during the Year.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Other than those disclosed under the sections headed "Share Option Scheme" and "Directors and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures of the Company or any of its Associated Corporations", at no time during the Year there were rights to acquire benefits by means of the acquisition of Shares in or debentures of the Company granted to any Director or their respective close associates, or were any such rights exercised by them; or was the Company, its holding company, or any of its subsidiaries or fellow subsidiaries, a party to any arrangement whose objectives are to enable a Director to acquire benefits by means of the acquisition of Shares in or debentures of the Company or any other body corporate.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Biographical details of the Directors of the Company and senior management of the Group as at the date of this annual report are set out on pages 14 to 17 of this annual report.

CHANGES TO INFORMATION IN RESPECT OF DIRECTORS

During the Year and up to the date of this annual report, the changes in Directors' information which is required to be disclosed and has been disclosed by Directors pursuant to Rule 13.51B of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") are set out below:

Name of Director	Details of changes
Mr. DAI Jian	Appointed as an executive Director, Chairman and Chief Executive Officer on 14 January 2017
Mr. DAI Ming	Appointed as an executive Director on 3 August 2017
Mr. CHAN Foon	Appointed as an independent non-executive Director on 14 January 2017
Mr. DAI Jialong	Appointed as an executive Director on 14 January 2017 and resigned on 3 August 2017
Mr. LAI Aizhong	Resigned as an executive Director and Chairman on 14 January 2017
Mr. LIU Winson Win Sun	Resigned as an executive Director on 14 January 2017
Mr. KAN Yin Keung	Resigned as an executive Director on 14 January 2017
Mr. CHAN Lo Kin	Resigned as an executive Director on 14 January 2017
Mr. KAN Yiu Kwok	Resigned as a non-executive Director on 14 January 2017
Ms. TONG Sze Wan	Resigned as an independent non-executive Director on 14 January 2017

DIRECTORS AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY OF ITS ASSOCIATED CORPORATIONS

As at 30 June 2017, the interests and short positions of the Directors and chief executive of the Company in the Shares, underlying Shares and debentures of the Company and its 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 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 ("Model Code") contained in Appendix 10 of the Listing Rules were as follows:

Long position in the Shares

Name of Director	Capacity/Nature	Number of Shares held/interested	Percentage of interest
Mr. DAI Jian	Interest of a controlled corporation (Note)	599,100,000	53.55%

Note: 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 599,100,000 shares held by Smart Paradise under the SFO.

Save as disclosed above, as at 30 June 2017, none of the Directors and chief executive of the Company had or was deemed to have any interests or short position 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 interest 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.

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

As at 30 June 2017, so far as is known to the Directors, the following persons (not being a Director or chief executive of the Company) have interest or short position in Shares or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provision of Divisions 2 and 3 of Part XV of the SFO or which would be required, pursuant to Section 336 of the SFO, to be entered in the register of the Company referred to therein:

Name	Capacity/Nature	Number of Shares held/interested	Percentage of interest
Smart Paradise	Beneficial owner	599,100,000	53.55%
Mr. DAI Jian	Interest of a controlled corporation (Note)	599,100,000	53.55%
Ms. ZHAO Li	Interest of spouse (Note)	599,100,000	53.55%

Note:

Mr. DAI Jian is the sole beneficial owner and director of Smart Paradise. Ms. ZHAO Li is the spouse of Mr. DAI Jian and is deemed to be interested in the 599,100,000 Shares in which Mr. DAI Jian has interests by virtue of the SFO.

MAJOR SUBCONTRACTORS AND CUSTOMERS

During the Year, the largest subcontractor accounted for approximately 22.6% (2016: 18.6%) of the Group's total costs of services and the five largest subcontractors accounted for approximately 62.2% (2016: 61.0%) of the Group's total costs of services. The largest customer accounted for approximately 71.3% (2016: 72.8%) of the Group's total revenue and the five largest customers accounted for approximately 98.8% (2016: 98.6%) of the Group's total revenue.

To the best of the Directors' knowledge, none of the Directors, or any Shareholders (which to the knowledge of the Directors owns more than 5% of the Company's share capital) and their respective close associates has an interest in the Group's five largest subcontractors and customers.

RELATED PARTY TRANSACTIONS

Details of the significant related party transactions of the Group are set out in Note 32 to the consolidated financial statements and are fully exempted from the reporting annual review, announcement and independent shareholders' approval requirements under chapter 14A of the Listing Rules.

Directors' Report

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors as at the date of this annual report, the Company has maintained the percentage of public float as prescribed in the Listing Rules for the Year and up to the date of this annual report.

BUSINESS REVIEW

The business review of the Group for the Year is included in the Management Discussion and Analysis in this annual report.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

None of the Directors or their respective close associates is or was interested in any business apart from the Group's business that competes or competed or is or was likely to compete, either directly or indirectly, with the Group's business at any time during the Year and up to the date of this annual report.

CORPORATE GOVERNANCE

The Company is committed to maintaining the highest standard of corporate governance practices. Information on the corporate governance practices adopted by the Company is set out in the Corporate Governance Report on pages 42 to 52 of this annual report.

SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

On 7 March 2017, an indirect wholly-owned subsidiary of the Company (the "Purchaser") entered into the sale and purchase agreement (the "Agreement") with three independent third parties (collectively, the "Vendors"), pursuant to which the Purchaser conditionally agreed to purchase an aggregate 51% equity interest in Jiangyin Grabene Graphene Photocatalvtic Technology Co.. Ltd.*(江陰嘉潤石墨烯光催化技術有限公司) (the "Target Company") for a total consideration of RMB33,150,000 (equivalent to approximately HK$37,128,000).

On 5 September 2017, the Purchaser and the Vendors entered into a deed of termination, pursuant to which the Purchaser and the Vendors have mutually agreed to terminate the Agreement with immediate effect.

On the same day, the Purchaser then entered into a non-legally binding memorandum of understanding (the "Memorandum of Understanding") with one of the Vendors (together with the Purchaser, the "Parties") to acquire 55% equity interest in the Target Company (the "Acquisition").

Subsequently on 19 September 2017, the Parties entered into a legally binding sale and purchase agreement in relation to the Acquisition for a total consideration of RMB35,750,000 (equivalent to approximately HK$42,453,125) (the "Sale and Purchase Agreement").

Please refer to the announcements of the Company dated 7 March 2017, 12 June 2017, 5 September 2017 and 19 September 2017 for the details of the Agreement, the Deed of Termination, the Memorandum of Understanding and the Sale and Purchase Agreement.

Save as disclosed above, there is no important events effecting the Group which have occurred since the end of the financial year.

* *for identification purpose only*

AUDIT COMMITTEE

The audit committee had reviewed, together with the management and external auditor, the accounting principles and policies adopted by the Group and the audited consolidated financial statements for the Year.

AUDITOR

The Financial Statements have been audited by SHINEWING (HK) CPA Limited, who shall retire in the forthcoming AGM and, being eligible, will offer itself for re-appointment. A resolution to re-appoint SHINEWING (HK) CPA Limited as the auditor will be submitted for Shareholders' approval at the forthcoming AGM.

There has been no change in the auditor of the Company for the preceding three years.

On behalf of the Board

Mr. DAI Jian
Chairman

Hong Kong, 29 September 2017

Environmental, Social and Governance Report

1. ABOUT THIS REPORT

1.1. Reporting Period

This is the first Environmental, Social and Governance (ESG) Report of Yat Sing Holdings Limited (together with its subsidiaries, the "Group") that illustrates and highlight the environment and social performance from 1 July 2016 to 30 June 2017 unless otherwise stated.

1.2. Reporting Scope

The content of this report is focused on the Group's business in the construction sector specializing in building maintenance and renovation service projects in Hong Kong. This report demonstrates the ESG performance of the Group's business operation in achieving sustainable development.

1.3. Reporting Framework

This report follows the disclosure requirement as set out in Appendix 27 to the Main Board Listing Rules of the Environmental, Social and Governance Reporting Guide ("ESG Guide") published by The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

KPI Reference Table

Reference KPI of the ESG Guide	Corresponding KPI in this report
A Environmental Performance	2.
A1 Emissions Policy and Compliance	2.1.
A1.1 Types of Emissions	2.1.1., 2.1.3.
A1.2 Greenhouse Gas Emission	2.1.2.
A1.3. Hazardous Waste	2.1.4.
A1.4 Non-Hazardous Waste	2.1.5.
A1.5 Emission Mitigation	2.1.6.
A1.6 Hazardous and Non-hazardous Wastes Reduction	2.1.7.
A2 Use of Resources	2.2.

Reference KPI of the ESG Guide	Corresponding KPI in this report
A2.1 Energy Consumption	2.2.1.
A2.2 Water Consumption	2.2.2.
A2.3 Energy Use Efficiency	2.2.1.
A2.4 Water Use Efficiency	2.2.2.
A2.5 Total Packaging Material Used for Finished Products	N/A
A3 The Environment and Natural Resources	2.3.
A3.1 Impacts of Activities on the Environment and Natural Resources	2.3.1.
B Social Performance	3
B1 Employment Policy and Compliance	3.1.
B1.1 Total Workforce	3.1.1.
B1.2 Employee Turnover Rate	3.1.2.
B2 Health and Safety Policies and Compliance	3.2.
B2.1 Number and Rate of Work-related Fatalities	3.2.1.
B2.2 Lost Days Due to Work Injury	3.2.1.
B2.3 Occupational Health and Safety Measures	3.2.2.
B3 Development and Training Policies	3.3 3.
B3.1 Percentage of Employees Trained	N/A
B3.2 Average Training Hours	3.3.
B4 Labour Standards	3.4.
B4.1 Avoid Child and Forced Labour	3.4.1.

Reference KPI of the ESG Guide	Corresponding KPI in this report
B4.2 Steps Taken to Eliminate Child and Forced Labour.	3.4.2.
B5. Supply Chain Management	3.5.
B5.1 Number of Suppliers by Geographical Region	3.5.1.
B5.2 Suppliers Engagement	3.5.2.
B6 Product Responsibility	3.6.
B6.1. Product Recall or Return	N/A
B6.2 Products and Service Related Complaints	3.6.1.
B6.3 Protecting Intellectual Property Rights	3.6.2.
B6.4 Quality Assurance Process	3.6.3.
B6.5 Consumer Data Protection and Privacy Policies	3.6.4.
B7 Anticorruption Policies and Compliance	3.7.
B7.1 Number of Concluded Legal Cases Regarding Corrupt Practices	3.7.1.
B7.2 Preventive Measures and Whistle-blowing Procedures	3.7.1.
B8. Community Investment	3.8.
B8.1 Focus Areas of Contribution	3.8.
B8.2 Resources Contributed	3.8.

2. ENVIRONMENTAL PERFORMANCE

The Group's principal operating subsidiary is one of the leading main contractor focusing on building maintenance and renovation service solutions with maintenance, refurbishment, and renovation works for public housing estates, private residential and non-residential buildings in its service portfolio.

The Group has a total of 9 building maintenance projects and 12 renovation projects during the reporting period. In response to the growing awareness towards environmental protection in the construction industry and the society, the Group has been implementing policies in improving the environmental awareness of its employees and the environmental performance of the Group, the Group has started to establish environmental management policy to ensure proper management of environmental protection and the use of resources.

2.1. Emissions Policy and Compliance

The Group complies with the following environmental protection laws of Hong Kong in air (dust and residues) and water emissions, solid waste management and noise pollution and has obtained various international certifications to signify its environmental commitment in the development of its business in a sustainable manner. In addition, policies to promote efficient use of energy to lower cost and emission are in practice.

International Certifications	Environmental related Laws and Regulations
ISO9001	Waste Disposal Ordinance (Chapter 354 of the Laws of Hong Kong)
ISO14001	Waste Disposal (Charges for Disposal of Construction Waste) Regulation (Chapter 354N of the Laws of Hong Kong)
OHSAS18001	Air Pollution Control Ordinance (Chapter 311 of the Laws of Hong Kong)
	Noise Control Ordinance (Chapter 400 of the Laws of Hong Kong)
	Water Pollution Control Ordinance (Chapter 358 of the Laws of Hong Kong)
	Buildings Ordinance (Chapter 123 of the Laws of Hong Kong)
	Public Health and Municipal Services Ordinance (Chapter 132 of the Laws of Hong Kong)
	Dumping at Sea Ordinance (Chapter 466 of the Laws of Hong Kong)

2.1.1. Types of Emissions

Carbon footprint generated from the maintenance, refurbishment and renovation operations will be disclosed in this report. Carbon footprint is defined as the total amount of direct and indirect emissions of greenhouse gas (GHG) expressed in terms of equivalent amount of carbon dioxide (CO_2) emission.

All construction works must comply with the Air Pollution Control Ordinance and its subsidiary regulations, particularly the Air Pollution Control (Construction Dust) Regulation and Waste Disposal Ordinance. During the demolition process, the dust generated by various site activities can make a significant contribution to local air pollution; thus, related air emission will also be discussed.

Comprising the Group's headquarter office and active projects for the reporting period, the Group's operations cover a total floor area of 400 m^2 and accounted for 100% of its GHG emissions.

2.1.2. Greenhouse Gas Emissions

There were 154.11 tonnes of carbon dioxide equivalent (tCO_2-eq) GHG (mainly carbon dioxide, methane and nitrous oxide) emitted from the Group's operation. With the total operation area of 400 m^2, the total annual emission intensity due to energy usage was 0.385 tCO_2-eq/m^2. The major source of the GHG emission was from the consumption of electricity and the usage of petroleum and diesel by the company fleet.

The following table highlights the carbon footprint of the Group.

Scope	**Sources of emission**	**GHG* emission** (in tCO_2-eq)	**GHG* emission by scope** (in tCO_2-eq)	**Distribution**
1	Stationary	N/A		
	Mobile (company fleet)	100.30	100.30	65.08%
	Refrigerant	N/A		
2	Purchased electricity	35.88	35.88	23.28%
3	Disposal of paper waste	17.89	17.93	11.64%
	Fresh water processing	0.03		
	Sewage water processing	0.01		
	Total GHG* emission	**154.11**		**100%**

* The GHG is calculated according to the 'Guiltiness to Account for and Report on Greenhouse Gas Emissions and Removals for Buildings (Commercial, Residential or Institutional Purposes) in Hong Kong' jointly published by EPD and EMSD.

The major contributor of the GHG emission was from Scope 1: direct emission, over 65.08% was contributed by mobile vehicles. The secondary contributor was from Scope 2: indirect electricity usage in the office and project sites with over 23.28% of the total emission. The third source of GHG emission came from Scope 3: other indirect emission, mainly generated by the disposal of paper waste.

During the reporting period, the GHG emissions generated by electricity and water usage in some of the project locations were not collected since it is a common practice for the property owners to handle the electricity and water bills within the project period. However, as the corresponding electricity and water usage also reflect the overall carbon footprint, the Group is planning to collect more information in its future projects to enhance it carbon footprint disclosure.

Besides, the Group is planning to devise a plan in the collection of GHG data from other possible emission sources as stated below:

– emission from the transportation of material/waste by vehicles;

– emission from the biogenic waste being disposed at landfill;

– emission from the disposal of refrigerants from air conditioners or refrigerators during operation.

2.1.3. Air Emission

During the demolition and renovation process, dust generated by various activities could make a significant contribution to air pollution. High levels of dust, combined with some air pollutants, can cause respiratory problems to the employees at work and the members of the public. In addition, the projects of the Group are usually conducted indoor, noxious odor and volatile organic compound (VOC) are the major molecules that emitted or evaporated from the liquid or solid materials (e.g. solvent, paint or other organic materials) used for renovation related works that would affect the indoor air quality (IAQ) and the health of the employees working indoors.

2.1.4. Hazardous Waste

Hazardous waste is a waste with properties that make it potentially dangerous or harmful to human health or the environment. The only concerned hazardous waste generated from renovation operations was the residue of the solvent, paint or other organic material being disposed of after used.

2.1.5. *Non-hazardous Waste*

The environmental impact from the waste generated by the construction and demolition processes is the most significant and critical emission throughout the Group's operations. The overall impact not only relates to the total amount of waste generated, but also relates to the impacts or nuisance created from the working process. Various types of materials are used in the Group's projects including but not limited to lighting, furniture, finishes, electrical equipment, metal-ware, windows, kitchenware, timber products, tiles, wallpaper, carpet, paint and glass. The types of waste included packaging materials, flooring (vinyl or wood), drywall such as wall board, gypsum or plastic board, concrete waste, carpeting materials. There is currently no specific ready-made recycling process for the above solid waste because they are collected together at source so they are eventually disposed of at landfill. Under the Waste Disposal Ordinance, the Group is a construction waste generator who is subject to the Construction Waste Disposal Charging Scheme that was enacted in 2005, construction waste is required to be transferred to the landfill and is charged by weight. It was recorded that a total of 7506.90 tonnes of solid waste were generated and transferred to government waste disposal facilities. The below summarized the amount and the destination of the waste.

Government waste disposal facilities	Type of construction waste accepted	Total Weight (tons)	Distribution (%)
Public fill reception facilities	Consisting entirely of inert construction waste	5,329.10	70.99
Sorting facilities	Containing more than 50% by weight of inert construction waste	131.00	1.75
Landfills	Containing not more than 50% by weight of inert construction waste	2,046.80	27.27

Furthermore, paper waste is another main material used in the office. There are practices in place to collect the waste for recycling and disposal. It was recorded that a total of 3,727kg of paper waste was generated.

2.1.6. *Emission Prevention*

To prevent and reduce GHG emission, the Group has energy saving practice in place by switching off unused air-conditioning, lighting, and equipment. Another source of air emission that should be highlighted was the substantial use of diesel for transportation vehicles. The Group will consider the possibility of using more energy efficient vehicles by phase to reduce GHG emission.

2.1.7. Hazardous Waste and Non-hazardous Waste Reduction

The safety committee of the Group has been actively monitoring and managing construction waste and preventive measures are in place to minimize the adverse effects from air emission. Good ventilation in the project location, personal protection equipment (PPE) for employees, and VOC related residue and waste were discarded with caution. Further measures to minimize dust should be adopted in the future. The Group's materials used for its projects are procured and packaging materials are naturally involved. Packaging materials ranging from plastic wrapping, plastic containers, paper leaflets, bottles, and carton boxes are used for product packaging; thus, packaging waste is produced every day. While there is no official solution unless better eco-design is available as an alternative, considering the daily production of packaging waste, a more systematic program shall be implemented to record the packaging materials that are being disposed of together with other non-hazardous waste.

Double sided printing is in practice to minimize the amount of paper use, and some paper waste was collected by local recyclers. there is currently no systematic paper waste recycling program and the amount collected for recycling was not measured and monitored. To reduce paper waste being ended up at landfill, a systematic recycling program and a waste audit will be implemented to improve recycling efficiency and reduce waste generation in the future.

2.2. Uses of Resources

2.2.1. Energy

Electricity

The total electricity consumption by the Group was 66,440.33 Kilowatt-hour (kWh), with an energy intensity of 166.10 kWh/m^2 and 533.31 kWh per capita from the project locations and offices respectively. The Group is actively seeking for more energy efficient equipment to reduce electricity consumption in the maintenance and renovation process.

Fossil Fuel – Petroleum and Diesel

There are several motor vehicles being used for transportation purposes. A total of 42,475.80 litres of petroleum and diesel were used for the Group's own fleet.

2.2.2. Water

The total water consumption was 78.00 m^3 as derived from the project locations. Nevertheless, the Group shall actively include water conservation measure in the production plants to enhance water efficiency and save this precious natural resource on earth.

Environmental, Social and Governance Report

2.3. The Environment and Natural Resources

2.3.1. Impacts of Activities on the Environment and Natural Resources

The Group's operations do not involve in production-related air, water and land pollutions which are regulated under related environmental laws and regulations. As the main manufacturing operations of the Group are taken place in industrial area, most of the emission and waste generated from the plants were well treated before they were returned to the environment. Therefore, the direct impact from the Group's activities towards the environment and natural resources is minimal.

3. SOCIAL PERFORMANCE

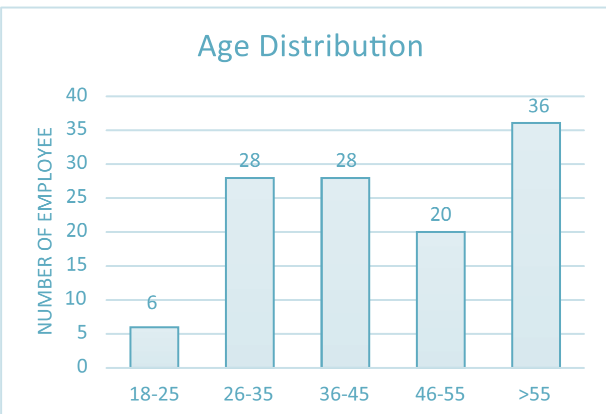
3.1. Employment Policy and Compliance

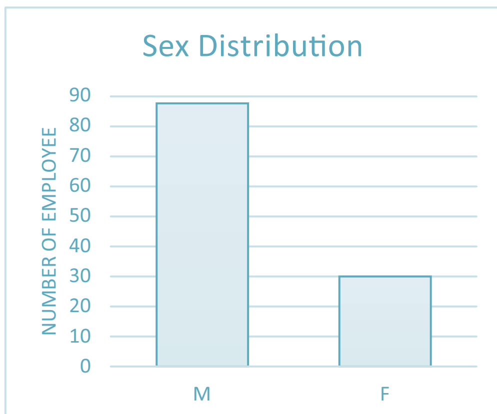
Through the Group's many years of experience in the industry, the Group understands that its service quality and competitiveness are highly dependent on its employees; therefore, it has formulated a competitive salary and benefit package to attract, retain, and incentivize employees. Employees' remuneration is structured to encourage a sustainable workforce with a wide range of additional benefits such as medical insurance and allowances, attendance award and length of service bonus.

During the reporting period, there was no incidence of work stoppages, labour disputes, litigation, claims, administrative action or arbitration relating to labour disputes against the Group.

3.1.1. Total workforce by gender, age group and geographical region

As at 30 June 2017, the total number of employees being employed by the Group was 118 with a combination of 88 men and 30 women.





3.2. Health and Safety Policies and Compliance

The Group's management is committed to the overall safety and hygiene performance of employees to ensure work safety. As stipulated in the Construction Sites (Safety) Regulations of the Factories and Industrial Undertakings Ordinance (Chapter 59 of the Laws of Hong Kong), and Occupational Safety and Health Ordinance (Chapter 509 of the Laws of Hong Kong), the Group complies with ensuring the health and safety at work of employees employed for the constructional services. Safety policies and safety management system are reviewed annually communicated to employees. The group also employ external expert consultants to make recommendation on safety related matters During the reporting period, the Group has not violated any related safety and health ordinance and provisions.

3.2.1. Occupational Health and Safety Data

Nevertheless, any work-related injury is protected by the Employees' Compensation Ordinance (Chapter 282 of the Laws of Hong Kong).

Number of Work-related Fatalities	0
Work injury cases with leave of absence >3 days	1
Lost days due to work injury	76
Work Injury rate	9.09

3.2.2. Occupational Health and Safety Measures

The work injury rate of the Group was 9.09 and the total days lost because of an injured employee was 76 days. The Group has adopted an occupational health and safety system to ensure a safe and healthy working environment is provided. A corporate level safety committee is formed to cope with the nature of construction sites working conditions. As the construction environment is frequently fast-changing, the process of hazard assessment must be ongoing to accommodate the dynamic environment. The Group has devised an Emergency Response Planning Manuel to guide employees on the identification and assessment of potential hazard or risk and the proper response procedure should accidents happen. Employees are provided with PPE, safety precautions tips are communicated through daily briefings and a copy of the safety manual is displayed in prominent places in project sites to promote and enhance safety awareness and practice among employees and subcontractors. Health and safety trainings, working environment condition evaluation, safety inspection and assessment, noise and emission detection are also conducted regularly.

3.3. Development and Training Policies

The Group understands that the experience and skills of employees are important and critical to its continued success and growth; while safety and health are important to the employees, thus, relevant trainings are provided to ensure employees are trained professionally and are qualified for their jobs. An average annual of 27 hours of safety training were completed by site management staffs so they can transfer their knowledge to their colleagues and employees during daily briefings and meeting. Construction services require precision to the required standard and timely completion to fulfil customer needs, prior to project commencement, safety officers will provide induction training and safety toolbox coaching to its direct employees as well as subcontractor's employees as they play a vital role in accidents prevention and risk avoidance.

3.4. Labour Standards

3.4.1. Child, forced, and illegal labour

There is no child nor forced labour in the Group as it complies with the related employment ordinance and labour laws of Hong Kong in terms of employment management.

3.4.2. Steps taken to eliminate such practices when discovered

The recruitment process is strictly abided by the guidelines of the Group's Human Resource and Administration Department, a recruitment form is used to collect personal, educational, and employment information of job applicants, and as such all necessary data related to employment is verified and the proper and right candidate would be hired in accordance to the job requirement and candidates' expectation for a healthy and sustainable workforce.

3.5. Supply Chain Management

The safety and quality of the final project works are among the top priorities of the Group. To ensure safety and service quality and standard, the Group has a project management team a systematic operation plan and a supplier management plan for its to follow through. Thus, the preparation of tenders, projects execution, subcontractors selection, appointment and management, procurement of supplies, materials and equipment are being supervised and monitored materials with the right quality and value are procured in a competitive, efficient, cost-effective, and transparent manner. The Group is committed to ensure its supply chain is operating as efficiently as possible to ensure the Group's final products are safe and standardized.

3.5.1. Number of Suppliers by Geographical Region

The Group has a total of 50 subcontractors and material suppliers in its approved subcontractors/ suppliers list. Most of the subcontractors are registered with the Subcontractor Registration Scheme (SRS) of the Construction Industry Council.

3.5.2. Subcontractors Engagement

As a main contractor, the Group maintains good relationship with its subcontractors to ensure labour supply and mobility. Subcontractors are assessed based on selection criteria including reputation, customer satisfaction guarantee, quality performance, time performance, price and payment term. The Group adopts the following internal measures to (i) control subcontractors' quality of work and compliance of occupational health, safety, environmental rules and regulations.

(a) Clear management structure between project management team and subcontractors;

(b) Prevention of unauthorized multi-level subcontracting;

(c) Constant monitoring and inspection;

(d) Monthly review on subcontractors' work progress;

(e) Performance assessment of subcontractors;

3.6. Product Responsibility

The Group's project quality is guaranteed by its solid experience in the industry and supported by its project management team structured for each project based on customer's requirement, contractual specification, and project size and complexity. Each project management team is comprised of 14 members responsible for overseeing the safety, quality, workmanship, project progress, pollution prevention, subcontractor's performance, materials consumption and customer's feedback.

3.6.1. Products and Service Related Complaints

To ensure service quality, service complaints and non-conformities issues are handled by the customer services department. A telephone hotline serviced by public relations representative is also available to handle complaints from the public during the project period. Complaints can also be lodged by email and all complaints filed will be responded within 24 hours. All complaints and enquires are reported to the project manager and quality manager for further follow up and preventive measures in the future. During the reporting period, there was no significant delay in the delivery of projects and no major complaints from customers regarding quality of works.

3.6.2. Protecting Intellectual Property Rights

The Group owns and registered several trademarks and domain names as they are important in the of brand and corporate image and has complied with Intellectual Property (IP) rights regulations. As at the date of this report, there was not any material infringement of the IP rights and the Group is confident that all reasonable measures have been taken to prevent any infringement of its own IP rights and the IP rights of third parties.

3.6.3. Quality Assurance Process

The Group strive to provide consistent quality services to customers, a quality assurance system in compliance with the ISO 9001 and ISO 14001 is established to manage project quality and safety performance. By focusing on the needs and expectations of customers, improving operations quality and customer services, a quality control plan is developed to monitor and inspect the safety performance of the project, review and assess subcontractor's progress and performance, and manage occupational health, safety, and environmental protection.

3.6.4. Consumer Data Protection and Privacy Policies

The Group complies with the Personal Data (Privacy) Ordinance of Hong Kong, all personal data collected from employees, customers and suppliers are kept confidential, company computers and servers are protected from access passwords. As stipulated in the Group's guidelines on ethical policy, employees are instructed of their responsibility to ensure data is collected, used, maintained, managed, stored and handled properly and secured appropriately.

3.7. Anticorruption Policies and Compliance

The Group is committed to support its corporate value by upholding its philosophy in conducting business with the highest standards of honesty, integrity and fairness. As stipulated in the Group's Ethical Guideline, employees must adhere to the ethical consideration when engaging in the Group's business activities. Soliciting or accepting advantages of material value is strictly prohibited. To ensure fairness in competition, procurement and tendering process are conducted impartially to prevent bribery, corruption, and fraudulent practices. During the reporting period, there was no related legal cases concluded against the Group in Hong Kong.

Conflict of Interest

The Group requires its directors and employees including their immediate family members to avoid the conflict between personal and financial interest and the professional official duties in the Group. A situation in which directors or employees exercise authority, influences decisions and actions or gain access to valuable information when dealing with customers, suppliers, contractors and colleagues with his profession to achieve financial and personal gain is strictly prohibited. The policy also requires employees to report any suspected conflict of interest to the Group directors.

3.7.1. Preventive Measures and Whistle-blowing Procedures

The Group's whistle-blowing channels allow employees to raise any concerns about suspected misconduct, malpractices, conflict of interest in strict confidence, the identity of the whistle-blower is protected without fear of retribution or reprisal. Suspected cases could be reported via an electronic form, by telephone hotline or by email. The Board of Directors shall then nominate an independent senior person (Case Officer) to investigate the reported case independently. Any misconduct found is brought to the attention of respective law enforcement authorities. During the reporting year, communication was performed to ensure employees understand the ethical guidelines.

3.8. Community Investment

Although the Group was not involved in any charity or community events during the reporting period, the Group donated HK$1,000,000 to The Community Chest of Hong Kong in 2015 to help the society in need after it was successfully listed on the Main Board of the Stock Exchange. Furthermore, the Group is committed to conducting business in every aspect to minimize any potential environmental impact to its stakeholders such as its employees and the community members. Since construction projects are being conducted in every corner of Hong Kong, the Group will strive to be the role model in its industry sector by continuously considering the community and performing its works in an environmental friendly and sustainable way.

4. CONSIDER THE FUTURE OF SUSTAINABLE DEVELOPMENT

There are many challenges ahead of the Group in the sustainable development of its business with the increasing concern over the impacts of construction activity on the environment. The construction industry is under severe pressure to adopt environmentally friendly approaches and environmental responsibility is getting favouritism to win in the industry's fierce competition. The Group will continue to leverage on its compliance and executive experience from its portfolio to promote sustainability in the industry.

5. STAKEHOLDERS' FEEDBACK

Stakeholders' comments and feedbacks regarding the Group's performance and approach on environmental, social and governance aspects are welcomed and valued. Questions, suggestions and recommendations could be sent via info@yatsinghk.com.

Corporate Governance Report

CORPORATE GOVERNANCE CODE

The Board believes that good corporate governance is crucial to improving the efficiency and performance of the Group and to safeguarding the interests of its Shareholders.

The Company has adopted and complied with all code provisions (the "Code Provisions") as set out under the Corporate Governance Code (the "CG Code") contained in Appendix 14 to the Listing Rules during the Year save as disclosed in this report.

The Directors will carry out a regular review on the Company's corporate governance policies and will propose any amendment, if necessary, to ensure compliance with the Code Provisions from time to time.

MODEL CODE FOR SECURITIES TRANSACTIONS

Securities Transactions by Directors

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules as a code of conduct of the Company for Directors' securities transactions. The Company has made specific enquiry of all Directors and the relevant employees regarding any non-compliance with the Model Code during the Year, and they have all confirmed that they had fully complied with the required standard set out in the Model Code.

Securities Transactions by Senior Management and Staff

The senior management and staff have been individually notified and advised about the Model Code by the Company.

BOARD OF DIRECTORS

Board composition

As at the date of this report, the Board comprises five Directors, including two executive Directors and three independent non-executive Directors ("INEDs"). The list of Directors is set out in the section headed "Directors' Report" of this annual report.

There is a balance of skills and experience for the Board, which is appropriate for the requirements of the business of the Company. The Directors' biographical information is set out in the section headed "Biographies of Directors and Senior Management" of this annual report.

Save as Mr. DAI Ming is the elder cousin of Mr. DAI Jian, the Directors have no financial, business, family or other material or relevant relationship with each other.

Pursuant to the code provision A.5.6 of the CG Code, listed issuers are required to adopt a board diversity policy. The Board has adopted the board diversity policy with a view to achieve a sustainable and balanced development of the Group. In designing the Board's composition, board diversity has been considered from a number of aspects, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. All Board appointments will be based on meritocracy, and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board. This diversity policy is reviewed annually by the nomination committee of the Company, and where appropriate, revisions will be made with the approval from the Board.

Role and function

The Board is responsible for overall strategic formulation and performance monitoring of the Group. It delegates day-to-day operations of the Company to the senior management within the control and authority framework set by the Board. In addition, the Board has also delegated various responsibilities to the each of the Company's audit committee ("Audit Committee"), nomination committee ("Nomination Committee") and remuneration committee ("Remuneration Committee"). Further details of these committees are set out in the sections headed "Audit Committee", "Nomination Committee" and "Remuneration Committee" below.

Board meetings

The Board met regularly to discuss and formulate the overall strategy to monitor the operation and financial performance of the Group. Pursuant to Code Provision A.1.1 of the CG Code, the Board should meet regularly and Board meetings should be held as at least four times a year. Additional meetings would be arranged if and when required. Directors may participate either in person or through electronic means of communications.

During the Year, a total of ten (10) Board meetings and one (1) general meeting were held and the attendance records are as follows:

Name of Directors	**Meetings attended/Eligible to attend**	
Executive Directors	**Board meetings**	**General meeting**
Mr. DAI Jian (Chairman and Chief Executive Officer)	6/6	0/0
Mr. DAI Jialong	6/6	0/0
Mr. LAI Aizhong	4/4	1/1
Mr. LIU Winson Wing Sun	4/4	1/1
Mr. KAN Yiu Keung	3/4	0/1
Mr. CHAN Lo Kin	3/4	0/1
Non-executive Director		
Mr. KAN Yiu Kwok	2/4	0/1
INEDs		
Mr. GUO Biao	10/10	1/1
Ms. SONG Dan	10/10	1/1
Mr. CHAN Foon	6/6	0/0
Ms. TONG Sze Wan	3/4	1/1

Corporate Governance Report

Code provision A.6.7 of the CG Code provides that independent non-executive directors and other non-executive directors should attend general meetings and develop a balanced understanding of the views of shareholders. Mr. KAN Yiu Kwok, an non-executive Director, was not able to attend the annual general meeting (the “AGM”) held on 30 November 2016 due to other business engagements. Other Board members who attend the AGM were already of sufficient calibre and number for answering questions raised by the Shareholders at that AGM.

Independent non-executive Directors

Pursuant to Rules 3.10(1) and 3.10(2) of the Listing Rules, the Company has currently appointed three INEDs. All the INEDs have entered into services contracts for a term of three years.

All of the three INEDs have appropriate professional qualifications or accounting or related financial management expertise. Every Director is subject to retirement by rotation at least once every three years in accordance with the memorandum and articles of association of the Company.

The Company has received, from each of the INEDs, an annual confirmation of his/her independence pursuant to Rule 3.13 of the Listing Rules. The Company considers that all of the INEDs are independent.

The INEDs are considered by the Board to be independent of the management and free of any relationship that could materially interfere with the exercise of their independent judgments. The Board considered that each of the INEDs brings his/her own relevant expertise to the Board and its deliberations. None of the INEDs has any business or financial interests with the Group nor has any relationship with other Directors.

Directors’ training and professional development

In compliance with Code Provision A.6.5 of the CG Code, the Group has provided funding to all the Directors to participate in continuous professional development organised in the form of training and seminars to keep them refreshed of their knowledge and skills and understanding of the Group and its business to update their skills and knowledge on the latest development or changes in the relevant statutes, the Listing Rules and corporate governance practices. The Company will also update the Directors of any material changes in the Listing Rules and corporate governance practices from time to time.

The training of each Director received during the Year is summarized as below:

Name of Directors	Reading materials regarding regulatory update and corporate governance matters	Attending training/ seminars relevant to the Company's business, Listing Rules compliance and risk management
Executive Directors		
Mr. DAI Jian (Chairman and Chief Executive Officer)	✓	✓
Mr. DIA Jialong	✓	✓
Mr. LAI Aizhong	✓	✓
Mr. LIU Winson Wing Sun	✓	✓
Mr. KAN Yiu Keung	✓	✓
Mr. CHAN Lo Kin	✓	✓
Non-executive Director		
Mr. KAN Yiu Kwok	✓	✓
INEDs		
Mr. GUO Biao	✓	✓
Ms. SONG Dan	✓	✓
Mr. CHAN Foon	✓	✓
Ms. TONG Sze Wan	✓	✓

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Under Code Provisions A.2.1 of CG Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual.

Mr. DAI Jian serves as the Chairman and Chief Executive Officer of the Company. This dual roles constitutes a deviation from code provision A.2.1 of the CG Code. The Board is of the view that vesting both roles in Mr. DAI Jian will allow more effective planning and execution of business strategies. As all major decisions will be made in consultation with members of the Board, and there are three INEDs on the Board offering independent perspectives, the Board believes that there are adequate safeguards in place to ensure sufficient balance of porters within the Board.

APPOINTMENT, RE-ELECTION AND REMOVAL OF DIRECTORS

The Company has established the Nomination Committee on 17 December 2014. The Nomination Committee has from time to time identified individuals suitably qualified to become Board members and make recommendations to the Board. The main consideration in selecting candidates for directorships is whether their characters, qualifications and experiences are appropriate for the businesses of the Group.

All of the Directors have entered into service contracts with the Company for a term of three years which shall be continuing unless and until terminated by either party thereto giving to the other not less than six months written notice.

In accordance with Article 108(a) of the Articles of Association of the Company, at each annual general meeting, at least one-third of the Directors for the time being (or, if their number is not a multiple of three (3), the number nearest to but not less than one-third) shall retire from office by rotation provided that every Director shall be subject to retirement at an annual general meeting at least once every three years.

In accordance with Article 112 of the Articles, any Director appointed by the Board to fill a casual vacancy shall hold office only until the first general meeting of the Company after his appointment and be subject to re-election at such meeting. Any Director appointed by the Board as an addition to the existing Board shall hold office only until the next AGM and shall then be eligible for re-election.

BOARD COMMITTEES

The Board has established three committees, namely, the Audit Committee, Nomination Committee and Remuneration Committee, for overseeing particular aspects of the Company's affairs. All Board committees of the Company are established with defined written terms of reference. The terms of reference of the Board committees are posted on the websites of the Company and the Stock Exchange and are available to Shareholders upon request.

Audit Committee

The Audit Committee was established on 17 December 2014 in compliance with Rule 3.21 of the Listing Rules with written terms of reference in compliance with the CG Code. Our Audit Committee consists of Mr. GUO Biao, Ms. SONG Dan and Mr. CHAN Foon. Currently, Mr. CHAN Foon is the chairman of the Audit Committee.

The principal responsibilities of the Audit Committee include:

- reviewing the Company's annual financial statements;
- reviewing and monitoring the extent of the non-audit work undertaken by external auditors;
- advising on the appointment of external auditors; and
- reviewing the effectiveness of our Company's internal audit activities, internal controls and risk management systems.

During the Year, the Board had no disagreement with the Audit Committee's view on the re-appointment of the independent auditor. This annual report has been reviewed by the Audit Committee.

During the Year, the Audit Committee held two meetings (i) to review the Group's financial results for the year ended 30 June 2016; (ii) to review the interim results for the period ended 31 December 2016; (iii) to oversee the audit process; (iv) to review the internal control system and (v) to recommend the re-appointment of independent auditor. Subsequent to the end of the Year and up to the date of this annual report, a meeting of the Audit Committee was held on 29 September 2017 to review the Group's financial result for the Year for submission to the Board for approval, review internal control and risk management system of the Group and make recommendation on the re–appointment of the independent auditor.

Attendance at meetings of the Audit Committee during the Year is as follows:

Name of Directors	Meetings attended/Eligible to attend
Mr. CHAN Foon (appointed on 14 January 2017)	1/1
Mr. GUO Biao	2/2
Ms. SONG Dan	2/2
Ms. TONG Sze Wan (resigned on 14 January 2017)	1/1

Nomination Committee

Nomination Committee was established on 17 December 2014 with written terms of reference in compliance with the CG Code. Our Nomination Committee consists of Mr. DAI Jian, Mr. CHAN Foon and Mr. GUO Biao. Currently, Mr. DAI Jian is the chairman of the Nomination Committee.

The principal responsibilities of the Nomination Committee include:

- assisting our Board in discharging its responsibilities relating to the composition of our Board;
- evaluating the balance of skills, knowledge and experience on our Board;
- evaluating the size, structure and composition of our Board; and
- evaluating the retirements and appointments of additional and replacement Directors and making appropriate recommendations to our Board on such matters.

During the Year, one meeting of the Nomination Committee was held (i) to review the structure, size and composition of the Board; (ii) to review the board diversity policy; (iii) to assess the independence of the INEDs; (iv) to make recommendation to the Board on the proposal of re-appointment of Directors; and (v) to nominate executive Directors and INEDs. Subsequent to the Year and up to the date of this annual report, a meeting of the Nomination Committee was held on 29 September 2017 to review the structure, size and composition (including the skills, knowledge and experience) of the Board and the board diversity policy, assess the independence of the INEDs and make recommendations to the Board on the proposal of re-appointment of Directors at the forthcoming AGM.

Attendance at meeting of the Nomination Committee during the Year is as follows:

Name of Directors	Meetings attended/Eligible to attend
Mr. CHAN Foon (appointed on 14 January 2017)	0/0
Mr. DIA Jian (appointed on 14 January 2017)	0/0
Mr. GUO Biao	1/1
Mr. LIU Winson Wing Sun (resigned on 3 March 2016)	0/0
Ms. TONG Sze Wan (resigned on 14 January 2017)	0/1
Mr. LAI Aizhong (resigned on 14 January 2017)	1/1

Corporate Governance Report

Remuneration Committee

Remuneration Committee was established on 17 December 2014 in compliance with Rule 3.25 of the Listing Rules with written terms of reference in compliance with the CG Code. The Remuneration Committee consists of Mr. GUO Biao, Mr. CHAN Foon and Ms. SONG Dan. Currently, Mr. GUO Biao is the chairman of the Remuneration Committee.

The principal responsibilities of the Remuneration Committee include:

– making recommendations to the Board on the Company's policy on executive Director's remuneration;
– determining, the individual remuneration and benefits package of each of the executive Directors; and
– recommending and monitoring the remuneration of senior management below Board level.

During the Year, two meetings of the Remuneration Committee were held to review the remuneration of the Directors and consider the bonus to Directors. Subsequent to the Year and up to the date of this annual report, a meeting of the Remuneration Committee was held on 29 September 2017 to review the performance and remuneration packages of individual Directors.

Attendance at meetings of Remuneration Committee during the Year is as follows:

Name of Directors	Meetings attended/Eligible to attend
Mr. CHAN Foon (appointed on 14 January 2017)	0/0
Ms. SONG Dan (appointed on 14 January 2017)	0/0
Mr. GUO Biao	2/2
Mr. CHAN Lo Kin (resigned on 14 January 2017)	2/2
Ms. TONG Sze Wan (resigned on 14 January 2017)	1/2

Details of the Directors' remuneration are set out in Note 11 to the Financial Statements.

CORPORATE GOVERNANCE FUNCTION

The Board recognises that corporate governance should be the collective responsibility of Directors and their corporate governance duties include:

– to develop and review the policies and practices of the Company on corporate governance and make recommendations;
– to review and monitor the training and professional development of the Directors and senior management;
– to monitor and review the policies and practices of the Company in compliance with legal and regulatory requirements;
– to develop, monitor and review the code of conduct and compliance manual applicable to the Directors and employees; and
– to review the Company's compliance with the Code Provisions of the CG Code and disclosure in the corporate governance report.

The Board is responsible for performing the corporate governance functions set out in code provision D.3.1 of the CG Code. As at the date of this report, the Board has reviewed and monitored: (a) the Company's corporate governance policies and practices, (b) training and continuous professional development of Directors and senior management, (c) the Company's policies and practices on compliance with legal and regulatory requirements, (d) the Company's code of conduct and (e) the Company's compliance with the CG Code disclosures requirements.

AUDITOR'S REMUNERATION

The Audit Committee of our Company is responsible for considering the appointment and re-election of our Company's external auditor and reviewing any non-audit functions performed by the external auditor, including whether such non-audit functions could lead to any potential material adverse effect to our Company. During the Year, our Group is required to pay to our external auditor, SHINEWING (HK) CPA Limited, for the audit service in relation to the audit of annual consolidated financial statements for the Year of approximately HK$1.1 million and non-audit services provided to the Group in respective to the Company's preparation for interim review of condensed consolidated financial statements for the period ended 31 December 2016 and agreed upon procedures in connection with the circular for the composite document and response related to mandatory cash offer of approximately HK$0.3 million and approximately 0.2 million respectively, totaling HK$1.6 million in aggregate.

COMPANY SECRETARY

The company secretary, Mr. FUNG Nam Shan, was appointed by the Board on 3 March 2016. Mr. FUNG is nominated by an external service provider to assist in company secretarial affairs of the Company. Mr. FUNG's primary contact person at the Company is the Chairman of the Company, Mr. DAI Jian. Mr. FUNG has confirmed that he has taken no less than 15 hours of relevant professional training during the Year in compliance with Rule 3.29 of the Listing Rules. His biographical details are set out in the section headed "Biographies of Directors and Senior Management".

INTERNAL CONTROL

The Board and the senior management are responsible for maintaining, improving and monitoring the internal control of the Group and for reviewing its effectiveness. Procedures have been designed for safeguarding assets against unauthorised use or disposition, ensuring maintenance of proper accounting records for the provision of reliable financial information for internal use or for publication, and ensuring compliance of applicable laws, rules and regulations. The procedures provide reasonable but not absolute assurance against material errors, losses or fraud.

During the Year, the Board has regularly reviewed, through the Audit Committee, the Group's internal control system and is not aware of any significant issues that would have an adverse impact on the effectiveness and adequacy of the internal control system. The Board has considered the adequacy of resources, staff qualifications and experience, training programs and budget of the Company's accounting and financial reporting function.

According to the Stock Exchange's proposal on risk management and internal control under the CG Code applicable to accounting periods of listed companies commencing on or after 1 January 2016, the Board would oversee the Company's risk management and internal control system on an ongoing basis.

Corporate Governance Report

DIRECTORS' AND AUDITOR'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Directors acknowledge and understand their responsibility for preparing the financial statements of the Group and to ensure that the financial statements of the Group are prepared in a manner which give a true and fair view of the state of affairs of the Group on a going concern basis and are in compliance with the relevant accounting standards and principals, applicable laws and disclosure provisions required of the Listing Rules. In presenting the financial statements, announcements and other financial disclosures required under the Listing Rules, the Directors aim to present to a balanced, clear and understandable assessment of the position and prospects of the Group. The Directors are of the view that the financial statements of the Group for each financial year have been prepared on this basis. The Directors were not aware of any material uncertainties relating to events or conditions which may cast significant doubt upon the Group's ability to continue as a going concern.

The statement of the auditor of the Company regarding their reporting responsibilities on the consolidated financial statements of the Group is set out in the Independent Auditor's Report of this annual report.

SHAREHOLDERS' RIGHTS

General meeting

The general meeting of the Company provides an opportunity for communication between the Shareholders and the Board. The Chairman of the Board as well as chairmen of the Audit Committee, Nomination Committee and Remuneration Committee, or in their absence, their duly appointed delegates are available to answer questions at the Shareholders' meetings. The auditor of the Company is also invited to attend the Company's AGM and is available to assist the Directors in addressing queries from the Shareholders relating to the conduct of the audit and the preparation and contents of the Independent Auditor's Report. Separate resolutions are proposed at the AGM on each substantial issue, including the election of individual Directors.

Notice of the AGM together with related papers are sent to the Shareholders at least 20 clear business days prior to the meeting, setting out details of each proposed resolution, voting procedures and other relevant information. At any general meeting a resolution put to the vote of the meeting shall be decided on a show of hands unless a poll is demanded or otherwise required under the Listing Rules, in accordance with Article 72 of the articles of association of the Company (the "Articles of Association"). The Chairman will explain such rights and procedures during the AGM before voting on the resolutions.

Shareholders can make a requisition to convene an extraordinary general meeting ("EGM") pursuant to Article 64 of the Articles of Association of the Company. The procedures for the Shareholders to convene an EGM are as follows:

1. Any one or more Shareholders (the "Requisitionist") holding, at the date of deposit of the requisition, not less than one tenth of the paid up capital of the Company having the right of voting at general meetings shall have the right, by written notice, to require an EGM to be called by the Board for the transaction of any business specified in such requisition.

2. Such meeting shall be held within 2 months after the deposit of such requisition. If within 21 days of such deposit, the Board fails to proceed to convene such meeting, the Requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the Requisitionist(s) shall be reimbursed by the Company.

Procedures for Shareholders to put forward proposals at Shareholders' meetings

To put forward proposals at a general meeting of the Company, a Shareholder should lodge a written notice of his/her proposal (the "Proposal") together his/her detailed contact information at the Company's principal place of business in Hong Kong at Room 1402, 14/F, China Resources Building, 26 Harbour Road, Wanchai, Hong Kong in the same manner as set out above.

The request will be verified with the Company's branch share registrar in Hong Kong and upon their confirmation that the request is proper and in order, the Board will be asked to include the Proposal in the agenda for the general meeting.

The notice period to be given to all the Shareholders for consideration of the Proposal raised by the Shareholder concerned at the general meeting varies according to the nature of the Proposal as follows:

– At least 21 days' notice in writing if the Proposal requires approval by way of a special resolution of the Company in an EGM or resolution of the Company in an AGM.
– At least 14 days' notice in writing if the Proposal requires approval in any other EGM.

COMMUNICATIONS WITH SHAREHOLDERS AND INVESTORS AND INVESTOR RELATIONS

The Company aims to promote and maintain effective communications with Shareholders and potential investors to ensure that the information of the Group is disseminated to Shareholders and potential investors in a timely manner and enable them to have a clear assessment of the enterprise performance.

Extensive information on the activities of the Group and financial position will be disclosed in the annual report, interim report, announcements and other corporate communications which will be sent to Shareholders and/or published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.yat-sing.com.hk). The Directors, company secretary or other appropriate members of the senior management also respond to inquiries from the Shareholders and prospective investors promptly.

Procedures for Shareholders to direct enquiries to the Company

For matters in relation to the Board, Shareholders can contact the Company as follows:

Address: Room 1402, 14/F, China Resources Building, 26 Harbour Road, Wanchai, Hong Kong
Email: info@yat-sing.com.hk
Tel: (852) 2386 0066
Fax: (852) 2563 0813

For share registration related matters, such as share transfer and registration, change of name or address, loss of share certificates or dividend warrants, the registered Shareholder can contact:

Branch Share Registrar and Transfer Office in Hong Kong
Union Registrars Limited
Address: Suites 3301-04, 33/F, Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong
Tel: (852) 2849 3399
Fax: (852) 2849 3319

CONSTITUTIONAL DOCUMENTS

There had been no changes in the constitutional documents of the Company during the Year.

Independent Auditor's Report

信永中和 ShineWing

SHINEWING (HK) CPA Limited
43/F., Lee Garden One
33 Hysan Avenue
Causeway Bay, Hong Kong

TO THE MEMBERS OF YAT SING HOLDINGS LIMITED
日成控股有限公司
(incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Yat Sing Holdings Limited (the "Company") and its subsidiaries (the "Group") set out on pages 58 to 111, which comprise the consolidated statement of financial position as at 30 June 2017, and 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 year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 30 June 2017, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "Code") and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

RECOVERABILITY OF TRADE AND OTHER RECEIVABLES

Refer to note 19 to the consolidated financial statements and the accounting policies on pages 74 to 77.

The key audit matter	How the matter was addressed in our audit
As at 30 June 2017, the Group had significant trade and other receivables of approximately HK$233,846,000. In view of the significant balance which accounted for approximately 85% of total current assets, the recoverability of trade and other receivables posed significant risk on the Group's liquidity. Besides, the impairment assessment of the trade and other receivables required a significant level of management judgement.	Our audit procedures were designed to review the management's assessment of the indicators of impairment and challenge the reasonableness of the methods and assumptions used to estimate the allowance for doubtful debts. We have discussed the indicators of possible impairment with the management and, where such indicators were identified, assessed the management's impairment testing. We have challenged the assumptions and critical judgement used by the management by assessing the reliability of the management's past estimates and taking into account the ageing at year end and subsequent settlements received after year end, as well as the recent creditworthiness of each debtor.

REVENUE RECOGNITION

Refer to note 5 to the consolidated financial statements and the accounting policies on pages 70 to 71.

The key audit matter	How the matter was addressed in our audit
In recognising revenue from building maintenance and renovation services, there is considerable management's judgement and estimation in assessing the value of each work order and contract. The actual value of completed works order and contract may be higher or lower than the estimates and will affect the Group's revenue recognised.	Our audit procedures were designed to review the management's estimation on the revenue and cost recognition. We have obtained understanding on revenue recognition policy and on the design and implementation of respective internal control activities. We have assessed whether the revenue recognised was reasonable through inspection certificates or work orders issued by customers.

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises all of the information included in the annual report other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

RESPONSIBILITIES OF DIRECTORS OF THE COMPANY AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance and for such internal control as the directors of the Company determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors of the Company are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors of the Company either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion, solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

Independent Auditor's Report

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors of the Company.

- Conclude on the appropriateness of the Company's directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Wong Hon Kei, Anthony.

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

Hong Kong
29 September 2017

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2017

	Notes	**2017**	2016
		HK$'000	HK$'000
Revenue	5	**513,455**	488,065
Cost of services		**(468,269)**	(443,118)
Gross profit		**45,186**	44,947
Other income	7	**1,475**	322
Gain (loss) on fair value change on held-for-trading investments		**59**	(1,135)
Administrative expenses		**(39,784)**	(26,579)
Finance costs	8	**(40)**	(409)
Profit before taxation		**6,896**	17,146
Income tax expenses	9	**(5,511)**	(5,491)
Profit and total comprehensive income for the year	10	**1,385**	11,655
Profit and total comprehensive income for the year attributable to:			
Owners of the Company		**1,313**	11,581
Non-controlling interests		**72**	74
		1,385	11,655
Earnings per share (HK cents)			
– Basic and diluted	14	**0.12**	1.04

Consolidated Statement of Financial Position

As at 30 June 2017

	Notes	2017 HK$'000	2016 HK$'000
Non-current assets			
Property, plant and equipment	15	**6,110**	5,100
Available-for-sale investment	16	**1,974**	1,974
Rental deposit	19	**802**	780
		8,886	7,854
Current assets			
Held-for-trading investments	17	**–**	3,881
Amounts due from customers for contract work	18	**–**	–
Trade and other receivables	19	**233,846**	218,213
Bank balances and cash	20	**40,049**	52,396
		273,895	274,490
Current liabilities			
Trade and other payables	21	**105,618**	104,689
Obligations under finance leases – due within one year	22	**1,124**	1,408
Tax payable		**2,293**	4,184
		109,035	110,281
Net current assets		**164,860**	164,209
Total assets less current liabilities		**173,746**	172,063
Non-current liabilities			
Other payables	21	**45**	125
Obligations under finance leases – due after one year	22	**747**	477
Long service payment obligations	23	**326**	326
Deferred tax liability	24	**523**	415
		1,641	1,343
Net assets		**172,105**	170,720

Consolidated Statement of Financial Position

As at 30 June 2017

	Note	**2017**	2016
		HK$'000	HK$'000
Capital and reserves			
Share capital	25	**11,189**	11,189
Reserves		**160,353**	159,040
Equity attributable to:			
Owners of the Company		**171,542**	170,229
Non-controlling interests		**563**	491
Total equity		**172,105**	170,720

The consolidated financial statements on pages 58 to 111 were approved and authorised for issue by the board of directors on 29 September 2017 and are signed on its behalf by:

DAI Jian
Director

DAI Ming
Director

Consolidated Statement of Changes in Equity

For the year ended 30 June 2017

	Attributable to owners of the Company						
	Share capital HK$'000	**Share Premium** HK$'000	**Other reserve** HK$'000 (Note)	**Retained profits** HK$'000	**Total** HK$'000	**Non-controlling interests** HK$'000	**Total** HK$'000
At 1 July 2015	11,189	77,790	(480)	70,149	158,648	417	159,065
Profit and total comprehensive income for the year	–	–	–	11,581	11,581	74	11,655
At 30 June and 1 July 2016	11,189	77,790	(480)	81,730	170,229	491	170,720
Profit and total comprehensive income for the year	–	–	–	1,313	1,313	72	1,385
At 30 June 2017	11,189	77,790	(480)	83,043	171,542	563	172,105

Note: Other reserve represented the difference between the nominal value of the issued share capital of Sing Fat Construction Company, Limited ("Sing Fat Construction") 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 the amount of HK$9,790,000 issued in exchange thereof, pursuant to the group reorganisation.

Consolidated Statement of Cash Flows

For the year ended 30 June 2017

	2017 HK$'000	2016 HK$'000
OPERATING ACTIVITIES		
Profit before taxation	**6,896**	17,146
Adjustments for:		
Depreciation of property, plant and equipment	**1,395**	1,117
Provision for impairment of other receivables	**596**	–
Finance costs	**40**	409
Net (gain) loss on disposal of property, plant and equipment	**(76)**	216
Provision of long service payment obligation	**–**	108
(Gain) loss on fair value change on held-for-trading investments	**(59)**	1,135
Bank interest income	**(37)**	(267)
Operating cash flows before movements in working capital	**8,755**	19,864
Increase in trade and other receivables	**(16,251)**	(19,145)
Decrease in trade and other payables	**(9,151)**	(24,796)
Cash used in operations	**(16,647)**	(24,077)
Hong Kong Profits Tax paid	**(7,294)**	(10,029)
NET CASH USED IN OPERATING ACTIVITIES	**(23,941)**	(34,106)
INVESTING ACTIVITIES		
Proceeds from disposal of held-for-trading investments	**3,940**	–
Proceeds from disposal of property, plant and equipment	**213**	1,228
Interest received	**37**	267
Purchase of property, plant and equipment	**(846)**	(1,486)
Purchase of held-for-trading investments	**–**	(5,016)
Maturity of pledged bank deposits	**–**	5,000
NET CASH FROM (USED IN) INVESTING ACTIVITIES	**3,344**	(7)
FINANCING ACTIVITIES		
Repayment of obligations under finance lease	**(1,710)**	(1,867)
Interest paid	**(40)**	(409)
Advance from a former related company	**10,000**	–
Repayment of bank borrowings	**–**	(40,116)
New bank borrowings raised	**–**	30,000
NET CASH FROM (USED IN) FINANCING ACTIVITIES	**8,250**	(12,392)
NET DECREASE IN CASH AND CASH EQUIVALENTS	**(12,347)**	(46,505)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	**52,396**	98,901
CASH AND CASH EQUIVALENTS AT THE ENG OF THE YEAR, representing bank balances and cash	**40,049**	52,396

Notes to the Consolidated Financial Statements

For the year ended 30 June 2017

1. GENERAL

Yat Sing Holdings Limited (the "Company") was incorporated in the Cayman Islands as an exempted company with limited liability and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). At the date of these financial statements, ultimate and immediate holding company is Smart Paradise International Limited, a company incorporated in the British Virgin Islands ("BVI"), which is beneficially owned by Mr. Dai Jian. The addresses of the registered office and principal place of business of the Company are disclosed in the corporate information section to the annual report.

The Company acts as an investment holding company and the principal activities of its subsidiaries are set out in note 34.

The consolidated financial statements are presented in Hong Kong dollar ("HK$"), which is also the functional currency of the Company.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRS(s)")

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

Amendments to HKFRSs	Annual Improvements to HKFRSs 2012 – 2014 Cycle
Amendments to HKAS 1	Disclosure Initiative
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants
Amendments to HKAS 27	Equity Method in Separate Financial Statements
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations

The application of the amendments to HKFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRS(s)") (Continued)

New and revised HKFRSs issued but not yet effective

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

HKFRS 9 (2014)	Financial Instruments[2]
HKFRS 15	Revenue from Contracts with Customers[2]
HKFRS 16	Leases[3]
Amendments to HKAS 7	Disclosure Initiative[1]
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses[1]
Amendments to HKAS 40	Transfers of Investment Property[2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions[2]
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts[2]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2014 – 2016 Cycle[5]
HK (IFRIC) – Int 22	Foreign Currency Transactions and Advance Consideration[2]
HK (IFRIC) – Int 23	Uncertainty over Income Tax Treatments[3]

1 Effective for annual periods beginning on or after 1 January 2017.
2 Effective for annual periods beginning on or after 1 January 2018.
3 Effective for annual periods beginning on or after 1 January 2019.
4 Effective date not yet been determined.
5 Effective for annual periods on or after 1 January 2017 or 1 January 2018, as appropriate.

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

HKFRS 9 (2014) Financial Instruments

HKFRS 9 issued in 2009 introduces new requirements for the classification and measurement of financial assets. HKFRS 9 was amended in 2010 and includes the requirements for the classification and measurement of financial liabilities and for derecognition. In 2013, HKFRS 9 was further amended to bring into effect a substantial overhaul of hedge accounting that will allow entities to better reflect their risk management activities in the financial statements. A finalised version of HKFRS 9 was issued in 2014 to incorporate all the requirements of HKFRS 9 that were issued in previous years with limited amendments to the classification and measurement by introducing a "fair value through other comprehensive income" ("FVTOCI") measurement category for certain financial assets. The finalised version of HKFRS 9 also introduces an "expected credit loss" model for impairment assessments.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRS(s)") (Continued)

HKFRS 9 (2014) Financial Instruments (Continued)

Key requirements of HKFRS 9 (2014) are described as follows:

- All recognised financial assets that are within the scope of HKAS 39 Financial Instruments: Recognition and Measurement to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at FVTOCI. All other debt investments and equity investments are measured at their fair values at the end of subsequent reporting periods. In addition, under HKFRS 9 (2014), entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, HKFRS 9 (2014) requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value of financial liabilities attributable to changes in the financial liabilities' credit risk are not subsequently reclassified to profit or loss. Under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss was presented in profit or loss.

- In the aspect of impairment assessments, the impairment requirements relating to the accounting for an entity's expected credit losses on its financial assets and commitments to extend credit were added. Those requirements eliminate the threshold that was in HKAS 39 for the recognition of credit losses. Under the impairment approach in HKFRS 9 (2014) it is no longer necessary for a credit event to have occurred before credit losses are recognised. Instead, expected credit losses and changes in those expected credit losses should always be accounted for. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition and, consequently, more timely information is provided about expected credit losses.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRS(s)") (Continued)

HKFRS 9 (2014) Financial Instruments (Continued)

- HKFRS 9 (2014) introduces a new model which is more closely aligns hedge accounting with risk management activities undertaken by companies when hedging their financial and non-financial risk exposures. As a principle-based approach, HKFRS 9 (2014) looks at whether a risk component can be identified and measured and does not distinguish between financial items and non-financial items. The new model also enables an entity to use information produced internally for risk management purposes as a basis for hedge accounting. Under HKAS 39, it is necessary to exhibit eligibility and compliance with the requirements in HKAS 39 using metrics that are designed solely for accounting purposes. The new model also includes eligibility criteria but these are based on an economic assessment of the strength of the hedging relationship. This can be determined using risk management data. This should reduce the costs of implementation compared with those for HKAS 39 hedge accounting because it reduces the amount of analysis that is required to be undertaken only for accounting purposes.

HKFRS 9 (2014) will become effective for annual periods beginning on or after 1 January 2018 with early application permitted.

The Directors anticipate that the adoption of HKFRS 9 (2014) in the future may have an impact on the Group's results and financial position, including the classification categories and the measurement of financial assets, and disclosures. For instance, the Group will be required to replace the incurred loss impairment model in HKAS 39 with an expected loss impairment model that will apply to various exposures to credit risk. HKFRS 9 will also change the way the Group classifies and measures its financial assets, and will require the Group to consider the business model and contractual cash flow characteristics of financial assets to determine classification and subsequent measurement. The Group is in the process of assessing the potential impact on the financial performance resulting from the adoption of HKFRS 9. It is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

HKFRS 15 Revenue from Contracts with Customers

The core principle of HKFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Thus, HKFRS 15 introduces a model that applies to contracts with customers, featuring a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognised. The five steps are as follows:

i) Identify the contract with the customer;

ii) Identify the performance obligations in the contract;

iii) Determine the transaction price;

iv) Allocate the transaction price to the performance obligations; and

v) Recognise revenue when (or as) the entity satisfies a performance obligation.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRS(s)") (Continued)

HKFRS 15 Revenue from Contracts with Customers (Continued)

HKFRS 15 also introduces extensive qualitative and quantitative disclosure requirements which aim to enable users of the financial statements to understand the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers.

HKFRS 15 will supersede the current revenue recognition guidance including HKAS 18 Revenue, HKAS 11 Construction Contracts and the related interpretations when it becomes effective.

HKFRS 15 will become effective for annual periods beginning on or after 1 January 2018 with early application permitted. The Group is in the process of performing a detailed assessment of the potential impact of the application of HKFRS 15. The impact of the Group is expected to include more comprehensive disclosure as requested by the new standard. In addition, contracts that contain two or more performance obligations would be accounted for separately and this could affect the timing of the recognition of revenue.

The Directors anticipate that the application of HKFRS 15 in the future may have a material impact on the amounts reported and disclosures made in the Group's consolidated financial statements. However, it is not practicable to provide a reasonable estimate of the effect of HKFRS 15 until the Group performs a detailed review.

HKFRS 16 Leases

HKFRS 16 provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements of both lessors and lessees.

In respect of the lessee accounting, the standard introduces a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases with the lease term of more than 12 months, unless the underlying asset has a low value.

At the commencement date of the lease, the lessee is required to recognise a right-of-use asset at cost, which consists of the amount of the initial measurement of the lease liability, plus any lease payments made to the lessor at or before the commencement date less any lease incentives received, the initial estimate of restoration costs and any initial direct costs incurred by the lessee. A lease liability is initially recognised at the present value of the lease payments that are not paid at that date.

Subsequently, the right-of-use asset is measured at cost less any accumulated depreciation and any accumulated impairment losses, and adjusted for any remeasurement of the lease liability. Lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payment made, and remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments. Depreciation and impairment expenses, if any, on the right-of-use asset will be charged to profit or loss following the requirements of HKAS 16 Property, Plant and Equipment, while interest accrual on lease liability will be charged to profit or loss.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRS(s)") (Continued)

HKFRS 16 Leases (Continued)

In respect of the lessor accounting, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

HKFRS 16 will supersede the current lease standards including HKAS 17 Leases and the related interpretations when it becomes effective.

As at 30 June 2017, the Group has non-cancellable operating lease commitments of approximately HK$5,300,000. HKAS 17 does not require the recognition of any right-of-use asset or liability for further payments for these leases; instead, certain information is disclosed as operating lease commitments in Note 30. A preliminary assessment indicates that these arrangements will meet the definition of a lease under HKFRS 16, and hence the Group will recognise a right-of-use assets and corresponding liability in respect of all these lease unless they qualify for low value or short-term leases upon the application of HKFRS 16. The new requirements to recognise a right-of-use asset and a related lease liability is expected to have a significant impact on the amount recognised in the Group's consolidated financial statements and the Directors are currently assessing its potential impact. It is not practicable to provide a reasonable estimate of the effect until the Group performs a detailed review.

Amendments to HKAS 7 Disclosure Initiative

The amendments require entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. The amendments do not prescribe a specific method to fulfil the new disclosure requirements. However, the amendments indicate that one way is to provide a reconciliation between the opening and closing balances for liabilities arising from financing activities.

Amendments to HKAS 7 will become effective for annual periods beginning on or after 1 January 2017 with early application permitted.

The Directors anticipate that the application of Amendments to HKAS 7 will result in additional disclosures on the Group's financing activities, especially reconciliation between the opening and closing balances in the consolidated statement of financial position for liabilities arising from financing activities will be provided on application.

3. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance.

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

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants in the principal (or most advantageous) market at the measurement date under current market conditions (i.e. an exit price) regardless of whether that price is directly observable or estimated using another valuation technique. Details of fair value measurement are explained in the accounting policies set out below.

The principal accounting policies are set out below.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (i.e. its subsidiaries). If a subsidiary prepares its financial statements using accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to that subsidiary's financial statements in preparing the consolidated financial statements to ensure conformity with the Group's accounting policies.

Control is achieved where the Group has: (i) the power over the investee; (ii) exposure, or rights, to variable returns from its involvement with the investee; and (iii) the ability to use its power over the investee to affect the amount of the Group's returns. When the Group has less than a majority of the voting rights of an investee, power over the investee may be obtained through: (i) a contractual arrangement with other vote holders; (ii) rights arising from other contractual arrangements; (iii) the Group's voting rights and potential voting rights; or (iv) a combination of the above, based on all relevant facts and circumstances.

The Company reassess whether it controls an investee if facts and circumstances indicate that there are changes to one or more of these elements of control stated above.

Consolidation of a subsidiary begins when the Group obtains control of the subsidiary and cease when the Group loses control of the subsidiary.

Income and expenses of subsidiaries are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of consolidation (Continued)

Profit or loss and each item of other comprehensive income of subsidiaries are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on combination.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable for services rendered in the normal course of business, net of discounts and sales related taxes.

Revenue from building maintenance and renovation services are recognised when services are provided.

The Group's policy for recognition of revenue from construction services is described in the accounting policy headed "Construction contracts" below.

Revenue from the sale of goods is recognised when the goods are delivered and title has been passed, at which time all the following conditions are satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Group; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income from a financial asset is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Construction contracts

Where the outcome of a construction contract can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract activity at the end of the reporting period, as measured by reference to the percentage of surveys of work performed for individual contract up to the reporting date. Variations in contract work, claims and incentive payments are included to the extent that the amount can be measured reliably and its receipt is considered probable.

Where the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that it is probable will be recoverable. Contract costs are recognised as expenses in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Where contract costs incurred to date plus recognised profits less recognised losses exceed progress billings, the surplus is shown as amounts due from customers for contract work. For contracts where progress billings exceed contract costs incurred to date plus recognised profits less recognised losses, the surplus is shown as amounts due to customers for contract work. Amounts received before the related work is performed are included in the consolidated statement of financial position as a liability, as advances received. Amounts billed for work performed but not yet paid by the customer are included in the consolidated statement of financial position under trade and other receivables.

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessee

Assets held under finance leases are recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the consolidated statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale.

Other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Retirement benefits cost and termination benefits

Payments to the Mandatory Provident Fund Scheme ("MPF Scheme") are recognised as an expense when employees have rendered service entitling them to the contributions.

The Group's net obligations in respect of long service payment to its employees on cessation of employment in certain circumstances under the Hong Kong Employment Ordinance is the amount of future benefits that the employees have earned in return for their services in the current and prior periods. The obligation is calculated using the projected unit credit method, discounted to its present value and reduced by entitlements accrued under the Group's retirement plans that are attributed to contributions made by the Group.

Short-term employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognised in respect of other short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax. The tax currently payable is based on taxable profit for the year. Taxable profit differs from "profit before taxation" as reported in the consolidated statement of profit or loss and other comprehensive income because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of each reporting period.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Taxation (Continued)

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax base used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary difference to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of each reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of each reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax are recognised in profit or loss.

Property, plant and equipment

Property, plant and equipment, held for use in supply of services or administrative purposes are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and accumulated impairment losses, if any.

Depreciation is recognised so as to write off the cost of assets over their estimated useful lives, using straight line method for leasehold improvement and using diminishing balance method for the other property, plant and equipment. The estimated useful lives and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property, plant and equipment (Continued)

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful lives.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Cash and cash equivalents

Bank balances and cash in the consolidated statement of financial position comprise cash at banks and on hand and bank deposits with a maturity of three months or less. For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of bank balances and cash.

Investments in subsidiaries

Investments in subsidiaries are stated on the statement of financial position of the Company at cost less accumulated impairment loss.

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets at fair value through profit or loss ("FVTPL")) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

The Group's financial assets are classified as loans and receivables, available-for-sale financial asset and financial assets at FVTPL. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Interest income is recognised on an effective interest basis for debt instruments.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including rental deposit, trade and other receivables and bank balances and cash) are measured at amortised cost using the effective interest method, less any impairment (see accounting policy on impairment loss on financial assets below).

Available-for-sale financial asset

Available-for-sale financial asset is non-derivative that is either designated as available-for-sale or is not classified as (a) loans and receivables, (b) held-to-maturity investments or (c) financial assets at FVTPL.

Available-for-sale equity investment that does not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost less any identified impairment losses at the end of each reporting period (see the accounting policy in respect of impairment loss on financial assets below).

Financial assets at FVTPL

Financial assets are classified as at FVTPL when the financial assets are held for trading.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near term; or
- on initial recognition it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Financial assets at FVTPL (Continued)

Financial assets at FVTPL are measured at fair value, with any gains or losses arising from remeasurement recognised directly in profit or loss in the period in which they arise. The net gain or loss recognised in profit or loss excludes any dividend or interest earned on the financial assets and is included in the gain (loss) on fair value change on held-for-trading investments in the consolidated statement of profit or loss and other comprehensive income. Fair value is determined in manner described in Note 27.

Impairment loss on financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been affected.

For an available-for-sale equity investment, a significant or prolonged decline in the fair value of that investment below its cost is considered to be objective evidence of impairment.

For all other financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

For certain categories of financial assets, such as trade and other receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the credit period, observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment loss on financial assets (Continued)

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods (see the accounting policy below).

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade and other receivables, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. When a trade and other receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

When an available-for-sale financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss in the period in which the impairment takes place.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Financial liabilities and equity instruments

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Financial liabilities

Financial liabilities including trade and other payables and obligations under finance leases are subsequently measured at amortised cost, using the effective interest method.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial liabilities and equity instruments (Continued)

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest expense is recognised on an effective interest basis.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

Derecognition

A financial asset is derecognised only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

A financial liability is derecognised when, and only when, the Group's obligations are discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Impairment on tangible assets

At the end of the reporting period, the Group reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit (CGUs) to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual CGU, or otherwise they are allocated to the smallest group of CGU for which a reasonable and consistent allocation can be identified.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment on tangible assets (Continued)

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or the CGU) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or the CGU) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or the CGU) in prior years. A reversal of an impairment loss is recognised as income immediately.

Fair value measurement

When measuring fair value, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. Specifically, the Group categorised the fair value measurements into three levels, based on the characteristics of inputs, as follow:

Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

At the end of the reporting period, the Group determines whether transfer occur between levels of the fair value hierarchy for assets and liabilities which are measured at fair value on recurring basis by reviewing their respective fair value measurement.

4. CRITICAL ACCOUNTING JUDGEMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 3, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgement in applying the Group's accounting policies

The following is the critical judgement, apart from those involving estimations that the Directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

Contingent liabilities in respect of litigation claims

Contingent liabilities arising from litigation claims have been assessed by the management with reference to legal advice and historical records. The Directors consider that no provision for the contingent liabilities in respect of the litigation is necessary after due consideration of each case and with reference to legal advice and historical records.

Key sources of estimation uncertainty

The followings are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Revenue recognition

For some contracts, income is recognised based on management's estimation of the value of each works order. Thereafter, customers would undertake detailed assessment of all completed works orders before finalisation of the contracts which normally last for three years. During the assessment process, the actual value of completed works orders assessed by the customers may be higher or lower than the estimates and this will affect the Group's revenue recognised.

4. CRITICAL ACCOUNTING JUDGEMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

Key sources of estimation uncertainty (Continued)

Depreciation of property, plant and equipment

Certain items of property, plant and equipment are depreciated using diminishing method. The determination of the depreciation methods and rates involves management's estimation. The Group assesses annually the depreciation methods and rates of the property, plant and equipment and if the expectation differs from the original estimate, such a difference may impact the depreciation in the year and the estimate will be changed in the future period. As at 30 June 2017, the carrying amount of property, plant and equipment is approximately HK$6,110,000 (2016: HK$5,100,000).

Estimated impairment of property, plant and equipment

The Group assesses annually whether property, plant and equipment have any indication of impairment, in accordance with relevant accounting policies. The recoverable amounts of property, plant and equipment have been determined based on value-in-use calculations if there is indication of impairment. The calculations and valuations require the use of judgement and estimates on future operating cash flows and discount rates adopted. As at 30 June 2017, the carrying values of property, plant and equipment are approximately HK$6,110,000 (2016: HK$5,100,000) net of nil accumulated impairment loss (2016:nil).

Estimated impairment of trade and other receivables

The Group performs ongoing credit evaluations of its customers and adjusts credit limits based on payment history and the customer's current credit-worthiness, as determined by the review of their current credit information. The Group continuously monitors collections and payments from its customers and maintains a provision for estimated credit losses based upon its historical experience and any specific customer collection issues that has been identified. Credit losses have historically been within the Group's expectations and the Group will continue to monitor the collections from customers and maintain an appropriate level of estimated credit losses. During the year ended 30 June 2017, impairment loss on trade and other receivables of approximately HK$596,000 was recognised (2016: nil). As at 30 June 2017, the carrying value of trade and other receivables are approximately HK$233,846,000 (2016: HK$218,213,000), net of accumulated impairment loss of HK$596,000 (2016: nil).

5. REVENUE

An analysis of the Group's revenue for the year as follows:

	2017 HK$'000	2016 HK$'000
Revenue from		
Building maintenance services	**367,127**	341,320
Renovation services	**146,328**	146,745
	513,455	488,065

6. 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 performance focuses on services provided are as follows:

i) Building maintenance; and

ii) Renovation.

Segment revenue and results

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

For the year ended 30 June 2017

	Building maintenance HK$'000	Renovation HK$'000	Total HK$'000
Segment revenue	**367,127**	**146,328**	**513,455**
Segment profit	**41,813**	**2,817**	**44,630**
Unallocated corporate income			**1,435**
Gain on fair value change on held-for-trading investments			**59**
Central administration costs			**(39,188)**
Finance costs			**(40)**
Profit before taxation			**6,896**

6. SEGMENT INFORMATION (Continued)

Segment revenue and results (Continued)

For the year ended 30 June 2016

	Building maintenance HK$'000	Renovation HK$'000	Total HK$'000
Segment revenue	341,320	146,745	488,065
Segment profit	41,537	3,194	44,731
Unallocated corporate income			322
Loss on fair value change on held-for-trading investments			(1,135)
Central administration costs			(26,363)
Finance costs			(409)
Profit before taxation			17,146

The accounting policies of the reportable segments are the same as the Group's accounting policies described in Note 3. Segment profit represents the profit earned by each segment without allocation of certain unallocated corporate income, gain (loss) on fair value change on held-for-trading investments, central administration costs and finance costs. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

There were no inter-segment sales between different business segments for the years ended 30 June 2017 and 2016.

6. SEGMENT INFORMATION (Continued)

Segment assets and liabilities

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

	2017	2016
	HK$'000	HK$'000
Segment assets		
Building maintenance	**105,590**	110,742
Renovation	**84,672**	106,492
Total segment assets	**190,262**	217,234
Unallocated corporate assets	**92,519**	65,110
Total assets	**282,781**	282,344
Segment liabilities		
Building maintenance	**61,188**	56,983
Renovation	**26,034**	43,744
Total segment liabilities	**87,222**	100,727
Unallocated corporate liabilities	**23,454**	10,897
Total liabilities	**110,676**	111,624

For the purpose of monitoring segment performance and allocating resources between segments:

- all assets are allocated to reportable and operating segments other than certain property, plant and equipment, available-for-sale investment, rental deposit, held-for-trading investments, certain other receivables and bank balances and cash as these assets are managed on a group basis.
- all liabilities are allocated to reportable and operating segments other than certain other payables, obligations under finance leases, tax payable, long service payment obligations and deferred tax liability as these liabilities are managed on a group basis.

6. SEGMENT INFORMATION (Continued)

Other segment information

For the year ended 30 June 2017

	Building maintenance HK$'000	Renovation HK$'000	Unallocated HK$'000	Total HK$'000
Amounts included in the measure of segment profit or segment assets:				
Additions to property, plant and equipment	–	–	2,542	2,542
Depreciation of property, plant and equipment	527	–	868	1,395
Gain on disposal of property, plant and equipment	(40)	–	(36)	(76)
Provision for impairment of other receivables	596	–	–	596
Amounts regularly provided to the CODM but not included in the measure of segment profit or segment assets:				
Bank interest income	–	–	(37)	(37)
Gain on fair value change held-for-trading investments	–	–	(59)	(59)
Finance costs	–	–	40	40
Income tax expenses	–	–	5,511	5,511

6. SEGMENT INFORMATION (Continued)

Other segment information (Continued)

For the year ended 30 June 2016

	Building maintenance HK$'000	Renovation HK$'000	Unallocated HK$'000	Total HK$'000
Amounts included in the measure of segment profit or segment assets:				
Additions to property, plant and equipment	2,461	–	1,869	4,330
Depreciation of property, plant and equipment	694	–	423	1,117
Loss on disposal of property, plant and equipment	216	–	–	216
Amounts regularly provided to the CODM but not included in the measure of segment profit or segment assets:				
Bank interest income	–	–	(267)	(267)
Loss on fair value change on held-for-trading investments	–	–	1,135	1,135
Finance costs	–	–	409	409
Income tax expenses	–	–	5,491	5,491

Geographical information

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

Information about major customers

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

	2017 HK$'000	2016 HK$'000
Customer A[1]	**366,033**	355,260
Customer B[2]	**118,943**	112,410

[1] Revenue from building maintenance and renovation services.

[2] Revenue from renovation services.

7. OTHER INCOME

	2017 HK$'000	2016 HK$'000
Bank interest income	**37**	267
Gain on disposal of property, plant and equipment	**76**	–
Net income from sales of construction materials and electronic products (Note)	**1,190**	35
Others	**172**	20
	1,475	322

Note: During the year ended 30 June 2017, the amount represented net income from the sales of construction materials and electronic products (2016: sales of electronic products) of approximately HK$1,190,000 (2016: HK$35,000) represented gross income of approximately HK$49,270,000 (2016: HK$18,035,000) net of the cost of goods sold of approximately HK$48,080,000 (2016: HK$18,000,000).

8. FINANCE COSTS

	2017 HK$'000	2016 HK$'000
Interest on:		
Bank borrowings	**–**	340
Obligations under finance leases	**40**	69
	40	409

9. INCOME TAX EXPENSES

	2017 HK$'000	2016 HK$'000
Hong Kong Profits Tax:		
Current tax	**3,989**	3,903
Under-provision in prior years	**1,414**	1,498
	5,403	5,401
Deferred tax (Note 24)	**108**	90
	5,511	5,491

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits for both years.

9. INCOME TAX EXPENSES (Continued)

Pursuant to the rules and regulations of the Cayman Islands and BVI, the Group is not subject to any income tax in the Cayman Islands and BVI.

The income tax expenses can be reconciled to the profit before taxation per the consolidated statement of profit or loss and other comprehensive income as follows:

	2017 **HK$'000**	2016 HK$'000
Profit before taxation	**6,896**	17,146
Tax calculated at the domestic income tax rate of 16.5%	**1,138**	2,829
Tax effect of income not taxable for tax purposes	**(6)**	(44)
Tax effect of expenses not deductible for tax purposes	**2,985**	1,228
Under-provision in prior years	**1,414**	1,498
Effect of tax exemption granted (Note)	**(20)**	(20)
Income tax expenses for the year	**5,511**	5,491

Note: Tax exemption represented a reduction of Hong Kong Profits Tax for the years of assessment 2017/2018 and 2016/2017 by 75%, subject to a ceiling of HK$20,000.

10. PROFIT FOR THE YEAR

Profit for the year has been arrived at after charging:

	2017 **HK$'000**	2016 HK$'000
Staff costs (including Directors' emoluments)		
Directors' emoluments (Note 11)	**4,502**	6,059
Salaries, allowances and other benefits	**40,399**	34,834
Long service payment obligations	**–**	108
Contributions to retirement benefits scheme	**1,010**	1,189
Total staff costs	**45,911**	42,190
Auditor's remuneration	**1,112**	936
Depreciation of property, plant and equipment		
Owned assets	**748**	571
Assets held under finance leases	**647**	546
Net (gain) loss on disposal of property, plant and equipment	**(76)**	216
Minimum lease payments paid under operating lease	**4,501**	1,906
Provision for impairment of other receivables	**596**	–

11. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS

The emoluments paid or payable to each of the eleven (2016: twelve) directors, ex-directors and chief executive were as follows:

For the year ended 30 June 2017

Name of Directors	Directors' fees HK$'000	Salaries, allowances and other benefits HK$'000	Contributions to retirement benefits scheme HK$'000	Total HK$'000
Emoluments paid or receivable in respect of a person's services as a director, whether of the Company or its subsidiaries' undertaking				
Executive directors				
Dai Jian (Chairman and Chief Executive Officer ("CEO")) (Note vi)	–	559	9	568
Dai Jialong (Notes vi & viii)	–	447	9	456
Lai Aizhong (ex-Chairman) (Notes i & vii)	–	597	11	608
Liu Winson Wing Sun (Notes ii & vii)	–	775	11	786
Kan Yiu Keung (ex-CEO) (Note vii)	–	775	11	786
Chan Lo Kin (Note vii)	–	775	11	786
Non-executive director				
Kan Yiu Kwok (Note vii)	82	–	–	82
Independent non-executive directors				
Chan Foon (Note vi)	62	–	–	62
Tong Sze Wan (Note vii)	82	–	–	82
Guo Biao (Note v)	143	–	–	143
Song Dan (Note v)	143	–	–	143
	512	3,928	62	4,502

11. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS (Continued)

For the year ended 30 June 2016

Name of Directors	Directors' fees HK$'000	Salaries, allowances and other benefits HK$'000	Contributions to retirement benefits scheme HK$'000	Total HK$'000
Emoluments paid or receivable in respect of a person's services as a director, whether of the Company or its subsidiaries' undertaking				
Executive directors				
Lai Aizhong (Chairman) (Note i)	–	315	6	321
Liu Winson Wing Sun (Note ii)	50	1,197	18	1,265
Kan Yiu Keung (CEO)	50	1,197	18	1,265
Chan Lo Kin	50	1,189	18	1,257
Ge Jin (Note iii)	–	498	16	514
Non-executive directors				
Liu Su Ke (Note iv)	50	789	–	839
Kan Yiu Kwok	50	126	–	176
Independent non-executive directors				
Tong Sze Wan	126	–	–	126
Lam Yiu Por (Note iv)	105	–	–	105
Kwong Ping Man (Note iv)	105	–	–	105
Guo Biao (Note v)	43	–	–	43
Song Dan (Note v)	43	–	–	43
	672	5,311	76	6,059

Notes:

(i) Appointed as executive director and Chairman on 3 March 2016.

(ii) He stepped down his position as Chairman of the Board and remained as executive director on 3 March 2016.

(iii) Appointed as executive director on 30 September 2015 and resigned on 6 June 2016.

(iv) Resigned on 3 March 2016.

(v) Appointed on 3 March 2016.

(vi) Appointed on 14 January 2017.

(vii) Resigned on 14 January 2017.

(viii) Resigned on 3 August 2017.

Neither the chief executive nor any of the directors waived any emoluments in the years ended 30 June 2017 and 2016.

12. INDIVIDUAL WITH HIGHEST EMOLUMENTS

During the year ended 30 June 2017, of the five individuals with the highest emoluments in the Group, three were directors who resigned during the reporting period (2016: four were directors, director resigned during the reporting period and CEO) whose emoluments are included in the disclosures in Note 11. During the year ended 30 June 2017, the emoluments of the remaining two (2016: one) individuals was follows:

	2017	2016
	HK$'000	HK$'000
Salaries, allowances and other benefits	**2,495**	1,247
Contributions to retirement benefits scheme	**–**	–
	2,495	1,247

Their emoluments were within the following band:

	2017 No. of employees	2016 No. of employees
HK$1,000,001 to HK$1,500,000	**2**	1

During the years ended 30 June 2017 and 2016, no emoluments were paid by the Group to the five highest paid individuals (including directors and employees) or other directors as an inducement to join or upon joining the Group, or as compensation for loss of office.

13. DIVIDENDS

No dividend was paid or proposed during the year ended 30 June 2017, nor has any dividend been proposed since the end of reporting period (2016: nil).

14. EARNINGS PER SHARE

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

	2017	2016
	HK$'000	HK$'000
Earnings		
Earnings for the purpose of basic earnings per share	**1,313**	11,581

	2017	2016
	'000	'000
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**1,118,800**	1,118,800

The diluted earnings per share is equal to the basic earnings per share as there were no dilutive potential ordinary shares during the years ended 30 June 2017 and 2016.

15. PROPERTY, PLANT AND EQUIPMENT

	Machinery and equipment HK$'000	Furniture, fixture and office equipment HK$'000	Motor vehicles HK$'000	Leasehold improvement HK$'000	Total HK$'000
COST					
At 1 July 2015	371	1,278	5,624	–	7,273
Additions	47	374	3,759	150	4,330
Disposals	–	–	(2,973)	–	(2,973)
At 30 June and 1 July 2016	**418**	**1,652**	**6,410**	**150**	**8,630**
Additions	**–**	**95**	**2,447**	**–**	**2,542**
Disposals	**–**	**–**	**(569)**	**–**	**(569)**
At 30 June 2017	**418**	**1,747**	**8,288**	**150**	**10,603**
ACCUMULATED DEPRECIATION					
At 1 July 2015	361	1,163	2,418	–	3,942
Charge for the year	11	41	1,056	9	1,117
Eliminated on disposals	–	–	(1,529)	–	(1,529)
At 30 June and 1 July 2016	**372**	**1,204**	**1,945**	**9**	**3,530**
Charge for the year	**9**	**112**	**1,237**	**37**	**1,395**
Eliminated on disposals	**–**	**–**	**(432)**	**–**	**(432)**
At 30 June 2017	**381**	**1,316**	**2,750**	**46**	**4,493**
CARRYING VALUES					
At 30 June 2017	**37**	**431**	**5,538**	**104**	**6,110**
At 30 June 2016	46	448	4,465	141	5,100

15. PROPERTY, PLANT AND EQUIPMENT (Continued)

Except for leasehold improvement, the above items of property, plant and equipment are depreciated on diminishing balance method over their estimated depreciation rates as below:

Machinery and equipment	25% in the year of purchase and 15% per annum in subsequent years
Furniture, fixture and office equipment	25% in the year of purchase and 15% per annum in subsequent years
Motor vehicles	25% in the year of purchase and 15% per annum in subsequent years
Leasehold improvement	Over the term of lease

As at 30 June 2017, the carrying value of motor vehicle includes an amount of HK$3,841,000 (2016: HK$2,763,000) in respect of assets held under finance leases.

16. AVAILABLE-FOR-SALE INVESTMENT

	2017 **HK$'000**	2016 HK$'000
Unlisted equity investment in Hong Kong, at cost	**1,974**	1,974

The Group held 4.02% (2016: 4.02%) equity interest in an unlisted company in Hong Kong. The investment is measured at cost less impairment at the end of each reporting period because the range of reasonable fair value estimate is so significant that the management of the Group is of the opinion that its fair value cannot be reliably measured.

17. HELD-FOR-TRADING INVESTMENTS

	2017 **HK$'000**	2016 HK$'000
Equity securities listed in Hong Kong	**–**	3,881

18. AMOUNTS DUE FROM CUSTOMERS FOR CONTRACT WORK

	2017 HK$'000	2016 HK$'000
Contracts in progress at the end of each reporting period:		
Contract costs incurred plus recognised profits less recognised losses	–	68,095
Less: progress billings	–	(68,095)
Amounts due from customers for contract work	–	–

19. RENTAL DEPOSIT AND TRADE AND OTHER RECEIVABLES

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

	2017 HK$'000	2016 HK$'000
Trade receivables	170,053	188,339
Retention money receivables (Note a)	10,358	14,829
Deposits and other receivables (Note b)	48,062	5,177
Less: provision for other receivables	(596)	–
	47,466	5,177
Advances to subcontractors	6,175	7,935
Prepaid expenses	596	2,713
Carrying amount as at year ended	234,648	218,993
Less: Rental deposit shown under non-current assets	(802)	(780)
	233,846	218,213

Notes:

(a) As at 30 June 2017, retention money receivables of approximately HK$6,511,000 (2016: HK$7,096,000) was expected to be recovered in more than twelve months from the end of the reporting period but within its normal operating cycle.

(b) As at 30 June 2017, other receivables of approximately HK$43,215,000 (2016: HK$3,015,000) was represented receivables from the sales of construction material and electronic products transactions of which details disclosed in note 7.

The Group does not hold any collateral over these balances.

19. RENTAL DEPOSIT AND TRADE AND OTHER RECEIVABLES (Continued)

The Group does not have a standardised and universal credit period granted to its customers, and the credit period of individual customer is considered on a case-by-case basis and stipulated in the project contract, as appropriate. The following is an ageing analysis of trade receivables, presented based on the certified report which approximates revenue recognition date at the end of the reporting period, and net of impairment loss recognised:

	2017	2016
	HK$'000	HK$'000
Within 90 days	**112,364**	116,700
91 to 180 days	**16,377**	17,190
181 to 365 days	**7,213**	9,331
1 to 2 years	**17,849**	34,684
Over 2 years	**16,250**	10,434
	170,053	188,339

Trade receivables that were neither past due nor impaired relate to customers that have no recent history of default payment.

As at 30 June 2017, included in the Group's trade receivable balances were debtors with aggregate carrying amount of approximately HK$2,715,000 (2016: HK$4,468,000) which were past due at the end of the reporting period for which the Group has not provided for impairment loss.

Ageing of trade receivables which are past due but not impaired:

	2017	2016
	HK$'000	HK$'000
Over 1 year	**2,715**	4,468

The Directors consider that there has not been a significant change in credit quality of the relevant customers and there is no recent history of default, therefore the amounts are considered to be recoverable.

The Group has individually assessed other receivables and provided in full for all receivables that are considered not recoverable. During the year ended 30 June 2017, impairment loss of HK$596,000 (2016: nil) in respect of other receivables has been recognised.

19. RENTAL DEPOSIT AND TRADE AND OTHER RECEIVABLES (Continued)

The movement in the allowance for impairment of other receivables is set out below:

	2017	2016
	HK$'000	HK$'000
At the beginning of the financial year	**–**	–
Impairment losses recognised on other receivables	**596**	–
At the end of the financial year	**596**	–

20. BANK BALANCES AND CASH

Bank balances carry interest at market rates which range from 0.01% to 0.02% (2016: 0.01% to 0.75%) per annum.

21. TRADE AND OTHER PAYABLES

The following is an analysis of trade and other payables at the end of the reporting period:

	2017	2016
	HK$'000	HK$'000
Trade payables	**81,084**	91,007
Retention money payables (Note a)	**4,938**	8,488
Receipt in advance	**76**	71
Accrued expenses and other payables (Notes b and c)	**8,786**	4,469
Amount due to a former related company (Note d)	**10,000**	–
Dividend payable to non-controlling interests	**779**	779
Carrying amount as at year ended	**105,663**	104,814
Less: Deferred income shown under non-current liabilities (Note c)	**(45)**	(125)
	105,618	104,689

21. TRADE AND OTHER PAYABLES (Continued)

Notes:

(a) As at 30 June 2017, retention money of approximately HK$1,074,000 (2016: HK$1,611,000) was expected to be paid or settled after more than twelve months from the end of the reporting period.

(b) As at 30 June 2016, included in accrued expenses and other payables was amount of approximately HK$331,000 (2017: nil) represented accrued directors' emoluments.

(c) The Group has taken up a lease of an office premise from an independent third party and the Group has received an amount of HK$226,000 from that party as rent-free period compensation during the year ended 30 June 2016. As at 30 June 2017, approximately HK$80,000 (2016: HK$80,000) was included in accrued expenses and other payables under current liabilities and approximately HK$45,000 (2016: HK$125,000) deferred income was shown under non-current liabilities. The amount is amortised over the remaining lease period.

(d) As at 30 June 2017, the amount of HK$10,000,000 was due to a former related company of which a former director of the Company is the common director and has beneficial interest in that company. The amount is unsecured, interest-free and repayable on demand.

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

	2017	2016
	HK$'000	HK$'000
Within 90 days	**39,504**	37,223
91 to 180 days	**10,548**	10,776
181 to 365 days	**3,533**	5,310
1 to 2 years	**9,329**	31,499
Over 2 years	**18,170**	6,199
	81,084	91,007

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

22. OBLIGATIONS UNDER FINANCE LEASES

	2017 HK$'000	2016 HK$'000
Analysed for reporting purposes as:		
Current liabilities	**1,124**	1,408
Non-current liabilities	**747**	477
	1,871	1,885

It is the Group's policy to lease certain of its motor vehicles under finance leases. The lease term ranged from 2 to 3 years (2016: 2 to 3 years) throughout the year ended 30 June 2017. During the year ended 30 June 2017, the effective interest rate ranged from 1.23% to 1.30% (2016: 1.23% to 1.50%) per annum.

	Minimum lease payments		Present value of minimum lease payments	
	2017 HK$'000	2016 HK$'000	2017 HK$'000	2016 HK$'000
Analysed for reporting purposes as:				
Within one year	**1,160**	1,437	**1,124**	1,408
After one year but less than two years	**609**	481	**596**	477
After two years but less than five years	**153**	–	**151**	–
	1,922	1,918	**1,871**	1,885
Less: future finance charges	**(51)**	(33)	**N/A**	N/A
Present value of obligations under finance lease	**1,871**	1,885		
Less: amount due for settlement with 12 months (shown under current liabilities)			**(1,124)**	(1,408)
Amount due for settlement after 12 months			**747**	477

The Group's obligations under finance leases are secured by the lessor's charge over the leased assets.

23. LONG SERVICE PAYMENT OBLIGATIONS

Movement in the long service payment obligations is as follows:

	2017	2016
	HK$'000	HK$'000
At 1 July	**326**	218
Charged to profit or loss	**–**	108
At 30 June	**326**	326

The Group makes provision for probable future long service payments to employees in accordance with Hong Kong Employment Ordinance. Pursuant to the Hong Kong Employment Ordinance, the long service payment is to be offset with the accrued benefits derived from the Group's contributions made to MPF Scheme for the employees and subject to a cap of HK$390,000 per employee. The provision represents the management's best estimate of the Group's liability at the end of the reporting period. As at 30 June 2017 and 2016, the amount is calculated based on the principal assumptions stated as below:

	2017	2016
Salary inflation rate	**3.50%**	4.00%
Discount rate	**1.50%**	1.04%

24. DEFFERED TAX LIABILITY

Deferred tax liability arising from accelerated tax depreciation recognised by the Group and movements thereof during the years ended 30 June 2017 and 2016 were as follows:

	HK$'000
At 1 July 2015	325
Charged to profit or loss (Note 9)	90
At 30 June and 1 July 2016	415
Charged to profit or loss (Note 9)	108
At 30 June 2017	523

25. SHARE CAPITAL

	Number of Ordinary shares	Nominal value of ordinary shares HK$'000
Ordinary share of HK$0.01 each		
Authorised:		
At 1 July 2015, 30 June 2016, 1 July 2016 and 30 June 2017	2,000,000,000	20,000
Issued and fully paid:		
At 1 July 2015, 30 June 2016, 1 July 2016 and 30 June 2017	1,118,800,000	11,189

26. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of net debts (which include obligations under finance leases, net of bank balances and cash) and equity attributable to the owners of the Company, comprising issued share capital and reserves.

The Directors review the capital structure regularly. As part of this review, the Directors consider the cost of capital and risks associated with each class of capital. The Group will balance its overall capital structure through the payment of dividends, new share issues and the issue or redemption of borrowings.

27. FINANCIAL INSTRUMENTS

Categories of financial instruments

	2017 HK$'000	2016 HK$'000
Financial assets		
Held-for-trading investments	**–**	3,881
Available-for-sale financial asset	**1,974**	1,974
Loans and receivables (including bank balances and cash)	**274,101**	268,676
Financial liabilities		
At amortised cost	**107,333**	106,423

27. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies

The Group's major financial assets and liabilities include available-for-sale investment, rental deposit, held-for-trading investments, trade and other receivables, bank balances and cash, trade and other payables and obligations under finance leases. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments included credit risk, interest rate risk, other price risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Credit risk

At the end of the reporting period, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position.

In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade and other receivables regularly at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

As at 30 June 2017, the Group has concentration of credit risk as 57% (2016: 52%) of the total trade receivables was due from the Group's largest customer while 88% (2016: 84%) of the total trade receivables was due from the Group's five largest customers respectively.

The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

Interest rate risk

As at 30 June 2017 and 2016, the Group is exposed to cash flow interest rate risk in relation to its variable rate bank balances and is also exposed to fair value interest rate risk in relation to obligations under finance leases.

The Group currently does not have an interest rate hedging policy. However, the management monitors interest rate exposure and will consider other necessary actions when significant interest rate exposure is anticipated.

As at 30 June 2017 and 2016, the Group has minimal exposure to interest rate risk and no sensitivity analysis is performed.

27. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

Other price risk

As at 30 June 2016, the Group was exposed to equity price risk through its investments in listed equity securities. The management managed this exposure by maintaining a portfolio of investments with different risks. The Group's equity price risk was mainly concentrated on equity instruments quoted in the Stock Exchange. In addition, the Group had appointed a special team to monitor the price risk and considered hedging the risk exposure should the need arise.

Sensitivity analysis

The sensitivity analysis below had been determined based on the exposure to equity price risks at the end of the reporting period.

If the prices of the respective listed investments classified as held-for-trading investments had been 10% higher/lower, the profit after tax for the year ended 30 June 2016 would increase/decrease by approximately HK$324,000 (2017: nil) as a result of the changes in fair value of these listed investments.

In management's opinion, the sensitivity analysis was not representative of the other price risk for the investments in listed equity securities as the year end exposure did not reflect the exposure during the year.

Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows.

27. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

Liquidity risk (Continued)

Liquidity table	On demand or within 1 year	1-5 years	Total contractual undiscounted cash flow	Carrying amount
	HK$'000	HK$'000	HK$'000	HK$'000
At 30 June 2017				
Trade and other payables	**105,462**	**–**	**105,462**	**105,462**
Obligations under finance leases	**1,160**	**762**	**1,922**	**1,871**
	106,622	**762**	**107,384**	**107,333**
At 30 June 2016				
Trade and other payables	104,538	–	104,538	104,538
Obligations under finance leases	1,437	481	1,918	1,885
	105,975	481	106,456	106,423

Fair value measurement

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

Financial asset	Fair value hierarchy	Valuation techniques and key inputs	Fair value 2017	2016
			HK'000	HK'000
Held-for-trading investments	Level 1	Quoted bid prices in an active market	**–**	3,881

The Directors consider that the carrying amounts of current portion of financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements not materially differ from their fair values due to their immediate or short-term maturities. The fair values of non-current portion of finance leases approximate their carrying amounts, as they are carried at amortised cost using effective method. The Directors consider that the carrying amount of the non-current financial asset approximates its fair value as the impact of discounting is immaterial.

28. SHARE OPTION SCHEME

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

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

No share options are granted since the adoption of the share option scheme and there are no outstanding share options as at 30 June 2016 and 2017.

29. RETIREMENT BENEFITS PLANS

The Group operates MPF Scheme for all qualifying employees in Hong Kong. The assets of the schemes are held separately from those of the Group, in funds under the control of trustees. The Group contributes 5% of relevant payroll costs to the MPF Scheme, which contribution is matched by employees and subject to a cap of HK$1,500 per employee.

During the years ended 30 June 2017 and 2016, the total expense recognised in the consolidated statement of profit or loss and other comprehensive income is approximately HK$1,072,000 and HK$1,265,000 respectively, which represent contributions payable to the scheme by the Group at rates specified in the rules of the scheme.

30. OPERATING LEASE COMMITMENTS

The Group as lessee

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

	2017 **HK$'000**	2016 HK$'000
Within one year	**3,834**	3,761
In the second to fifth year inclusive	**1,466**	5,156
	5,300	8,917

Operating lease payments represents rentals payable by the Group for its office premises and a motor license. Leases are negotiated and rentals are fixed for a term ranging from 2 to 3 years (2016: 2 to 3 years).

31. CONTINGENT LIABILITIES

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.

32. RELATED PARTY TRANSACTIONS

(a) Save as disclosed elsewhere in the consolidated financial statements, during the year, the Group entered into transactions with related parties as follows:

Related parties	Nature of transaction	2017 HK$'000	2016 HK$'000
Chung Tat Construction Co., Limited ("Chung Tat")	Purchase of a motor vehicle from a related party	–	40
	Subcontracting fee paid to a related party	–	1,707
Mega Billion Investment Limited ("Mega Billion")	Rental of office from a related party (Note)	448	900
Faithful Construction Company Limited	Subcontracting fee paid to a related party	–	196

The following balances were outstanding at the end of the reporting period:

	Amounts due from related parties		Maximum outstanding balance during the year	
	2017 HK$'000	2016 HK$'000	2017 HK$'000	2016 HK$'000
Chung Tat (included in trade and other receivables)	–	344	348	344
Mega Billion (included in trade and other receivables)	–	150	150	150

Note: The Group leased office premises from Mega Billion and the monthly rental was made on a mutually agreed basis.

As at 30 June 2016, the above companies are companies of which certain Directors are their beneficial shareholders and/or directors. The relevant Directors resigned during the year ended 30 June 2017.

32. RELATED PARTY TRANSACTIONS (Continued)

(b) Compensation of key management personnel

The remuneration of Directors and other members of key management personnel during the year were as follows:

	2017 HK$'000	2016 HK$'000
Short-term benefits	**12,043**	8,911
Post-employment benefits	**126**	112
	12,169	9,023

The remuneration of Directors and key executives is determined by the remuneration committee having regard to the performance of individuals and market trends.

(c) Under a deed of indemnity dated 18 December 2014, the controlling shareholders who cease as related parties in January 2017 have undertaken to provide indemnities on a joint and several basis in respect of, among other matters, all claims, payments, suits, damages, settlement payments, costs and expenses which would be incurred or suffered by the Group as a result of any litigation, arbitration and/or legal proceedings, whether of criminal, administrative, contractual, tortuous or otherwise nature against any member of the Group in relation to any act, non-performance, omission or otherwise of any member of the Group on or before the date which the share offer of the Company becomes unconditional.

33. INFORMATION ABOUT THE STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	Notes	2017 HK$'000	2016 HK$'000
Non-current assets			
Investments in subsidiaries		**9,790**	9,790
Rental deposit		**780**	780
		10,570	10,570
Current assets			
Held-for-trading investments		**–**	3,881
Prepayment		**236**	–
Amounts due from subsidiaries	(a)	**65,338**	28,359
Bank balances and cash		**206**	24,088
		65,780	56,328
Current liabilities			
Accruals and other payables		**908**	583
Amounts due to subsidiaries	(a)	**19,085**	–
		19,993	583
Net current assets		**45,787**	55,745
Total assets less current liabilities		**56,357**	66,315
Non-current liability			
Other payables		**44**	125
Net assets		**56,313**	66,190
Capital and reserves			
Share capital		**11,189**	11,189
Reserves	(b)	**45,124**	55,001
Total equity		**56,313**	66,190

33. INFORMATION ABOUT THE STATEMENT OF FINANCIAL POSITION OF THE COMPANY (Continued)

Notes:

(a) The amounts are unsecured, non-interest bearing and repayable on demand.

(b) Movement in reserves

	Share Premium	Accumulated losses	Total
	HK$'000	HK$'000	HK$'000
At 1 July 2015	77,790	(16,895)	60,895
Loss and total comprehensive expenses for the year	–	(5,894)	(5,894)
At 30 June 2016 and 1 July 2016	77,790	(22,789)	55,001
Loss and total comprehensive expenses for the year	–	(9,877)	(9,877)
At 30 June 2017	77,790	(32,666)	45,124

34. PARTICULARS OF SUBSIDIARIES OF THE COMPANY

Details of the Company's subsidiaries as at 30 June 2017 and 2016 are as follow:

Name of subsidiary	Place of incorporation/ operation	Class of shares held	Issued and fully paid share capital	Percentage of ownership and voting power held by the Company 2017	2016	Principal activities
Directly held						
ABO	BVI	Ordinary	United States Dollar ("USD") $89,600	**100%**	100%	Investment holding
Sino Kaiser Limited (Note a)	BVI	Ordinary	USD $1	**100%**	100%	Investment holding
Sino Baron Group Limited (Note a)	BVI	Ordinary	USD $1	**100%**	100%	Investment holding
Indirectly held						
Sing Fat Construction	Hong Kong	Ordinary	HK$10,200,000	**99.61%**	99.61%	Provision of building maintenance and renovation services
Synergy Rise Investment Limited (Note a)	Hong Kong	Ordinary	HK$1,000	**100%**	100%	Inactive
Richwise Power Investment Limited (Note a)	Hong Kong	Ordinary	HK$1	**100%**	100%	Provision of administrative services to group companies
Star Richly Inc. Limited (Note a)	Hong Kong	Ordinary	HK$1	**100%**	100%	Inactive
Chong Hui Enterprises Limited (Note a)	BVI	Ordinary	USD $1	**100%**	100%	Inactive
Shing Mining Development Company Limited (Note a)	Hong Kong	Ordinary	HK$1	**100%**	100%	Inactive

Notes:

(a) The company was incorporated during the year ended 30 June 2016.

(b) None of the subsidiaries had issued any debt securities at the end of the year.

35. MAJOR NON-CASH TRANSACTION

During the years ended 30 June 2017 and 2016, 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$1,696,000 (2016: HK$2,622,000).

36. EVENT AFTER THE REPORTING PERIOD

On 7 March 2017, a wholly-owned subsidiary of the Company entered into a sale and purchase agreement (the "Agreement") with three independent third parties (collectively refer as "Vendors"), pursuant to which the subsidiary conditionally agreed to acquire 51% equity interest in Jiangyin Grabene Graphene Photocatalytic Technology Co., Ltd. ("Jiangyin Grabene") for a total consideration of RMB33,150,000 (equivalent to approximately HK$37,128,000). On 5 September 2017, the subsidiary and the Vendors entered into a deed of termination, pursuant to which mutually agreed to terminate the Agreement with immediate effect. For details, please refer to the announcements of the Company dated 7 March 2017, 12 June 2017 and 5 September 2017.

On 19 September 2017, a wholly-owned subsidiary of the Company entered into a sale and purchase agreement with an independent third party, pursuant to which the subsidiary conditionally agreed to acquire 55% equity interest in Jiangyin Grabene for a total cash consideration of RMB35,750,000 (equivalent to approximately HK$42,453,000). For details, please refer to the announcement of the Company dated 19 September 2017.

Group Financial Summary

	2017 HK$'000	2016 HK$'000	2015 HK$'000	2014 HK$'000	2013 HK$'000
Revenue	**513,455**	488,065	503,195	600,392	601,426
Cost of services	**(468,269)**	(443,118)	(450,790)	(544,629)	(555,507)
Gross profit	**45,186**	44,947	52,405	55,763	45,919
Other income	**1,475**	322	332	14,194	24
Gain (loss) on fair value change on held-for-trading investments	**59**	(1,135)	–	–	–
Operating expenses	**(39,824)**	(26,988)	(36,250)	(16,718)	(17,964)
Profit before taxation	**6,896**	17,146	16,487	53,239	27,979
Income tax expenses	**(5,511)**	(5,491)	(5,525)	(7,060)	(4,643)
Profit and total comprehensive income for the year	**1,385**	11,655	10,962	46,179	23,336
Earnings per share (HK cents)					
Basic and diluted	**0.12**	1.04	1.04	4.70	N/A
Assets and liabilities					
Non-current assets	**8,886**	7,854	5,527	5,158	15,404
Current assets	**273,895**	274,490	303,749	331,389	387,793
Current liabilities	**(109,035)**	(110,281)	(149,355)	(179,662)	(209,853)
Total assets less current liabilities	**173,746**	172,063	159,921	156,885	193,344
Non-current liabilities	**(1,641)**	(1,343)	(856)	(971)	(1,259)
Net assets	**172,105**	170,720	159,065	155,914	192,085
Capital and reserves					
Share capital	**11,189**	11,189	11,189	9,310	9,310
Reserves	**160,353**	159,040	147,459	145,923	181,931
Non-controlling interests	**563**	491	417	681	844
Total equity	**172,105**	170,720	159,065	155,914	192,085