Yield Go Holdings Ltd.
耀高控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1796)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2019

HIGHLIGHTS

- Revenue of the Group for the six months ended 30 September 2019 amounted to approximately HK$228.1 million (six months ended 30 September 2018: approximately HK$281.1 million).

- Gross profit margin for the six months ended 30 September 2019 was at approximately 5.9% (six months ended 30 September 2018: approximately 11.9%).

- Profit before income tax of the Group for the six months ended 30 September 2019 was approximately HK$4.7 million (six months ended 30 September 2018: approximately HK$16.4 million).

- Profit attributable to equity holders of the Company for the six months ended 30 September 2019 amounted to approximately HK$3.7 million (six months ended 30 September 2018: approximately HK$12.6 million).

- Basic and diluted earnings per share for the six months ended 30 September 2019 amounted to approximately HK0.78 cents (six months ended 30 September 2018: approximately HK3.49 cents).

- The Board has resolved not to declare any interim dividend for the six months ended 30 September 2019 (six months ended 30 September 2018: nil).

The board (the "**Board**") of directors (the "**Directors**") of Yield Go Holdings Ltd. (the "**Company**") is pleased to present the unaudited consolidated financial results of the Company and its subsidiaries (collectively, the "**Group**") for the six months ended 30 September 2019, together with the comparative figures for the corresponding six months ended 30 September 2018.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 September 2019

		Six months ended 30 September	
		2019	2018
	Notes	***HK$'000***	*HK$'000*
		(unaudited)	(unaudited)
Revenue	4	**228,059**	281,071
Direct costs		**(214,513)**	(247,731)
Gross profit		**13,546**	33,340
Other losses – net		**(34)**	(12)
Administrative and other operating expenses		**(7,752)**	(15,983)
Finance costs	5	**(1,072)**	(920)
Profit before income tax	6	**4,688**	16,425
Income tax expense	7	**(946)**	(3,846)
Profit and total comprehensive income for the period		**3,742**	12,579
Earnings per share attributable to equity holders of the Company			
– Basic and diluted earnings per share	9	**HK0.78 cents**	HK3.49 cents

Note: The Group has initially applied HKFRS 16 at 1 April 2019, using the modified retrospective approach. Under this approach, comparative information is not restated and the cumulative effect of initially applying HKFRS 16 is recognised in equity as an adjustment to the opening balance of retained earnings for the current period (refer to note 3 for details).

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2019

	Notes	**As at 30 September 2019** *HK$'000* **(unaudited)**	As at 31 March 2019 *HK$'000* (audited)
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		**2,179**	150
Right-of-use assets		**2,063**	–
Deferred tax assets		**–**	36
		4,242	186
Current assets			
Trade and other receivables	10	**42,174**	43,615
Contract assets		**240,036**	242,744
Cash and bank balances		**65,675**	50,472
Restricted cash	11	**3,046**	3,037
		350,931	339,868
Current liabilities			
Trade and other payables	12	**53,162**	95,259
Contract liabilities		**30,304**	–
Lease liabilities		**1,426**	–
Bank borrowings		**47,276**	25,087
Tax payable		**3,772**	4,966
Dividend payable		**38,400**	–
		174,340	125,312
Net current assets		**176,591**	214,556
Total assets less current liabilities		**180,833**	214,742

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

As at 30 September 2019

	Notes	**As at 30 September 2019 HK$'000 (unaudited)**	As at 31 March 2019 HK$'000 (audited)
Non-current liabilities			
Lease liabilities		**661**	–
Deferred tax liabilities		**88**	–
		749	–
Net assets		**180,084**	214,742
CAPITAL AND RESERVES			
Share capital	13	**4,800**	4,800
Reserves		**175,284**	209,942
Total equity		**180,084**	214,742

Note: The Group has initially applied HKFRS 16 at 1 April 2019, using the modified retrospective approach. Under this approach, comparative information is not restated and the cumulative effect of initially applying HKFRS 16 is recognised in equity as an adjustment to the opening balance of retained earnings for the current period (refer to note 3 for details).

NOTES

1. GENERAL INFORMATION

The Company was incorporated as an exempted company with limited liability in the Cayman Islands under the Companies Law (as revised) of the Cayman Islands. The shares of the Company are listed on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") (the "**Listing**") from 31 December 2018. The addresses of the Company's registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands and the principal place of business of the Company is Unit 8, 39/F, Cable TV Tower, No. 9 Hoi Shing Road, Tsuen Wan, New Territories, Hong Kong.

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

As at 30 September 2019, to the best knowledge of the Directors, the Company's immediate and ultimate holding company is Hoi Lang Holdings Ltd. ("**Hoi Lang**"), a company incorporated in the British Virgin Islands (the "**BVI**") and owned by Mr. Man Hoi Yuen ("**Mr. Man**"), Ms. Ng Yuen Chun ("**Mrs. Man**"), spouse of Mr. Man, and Mr. Ho Chi Hong ("**Mr. Ho**").

2. BASIS OF PREPARATION

The condensed consolidated interim financial statements for the six months ended 30 September 2019 have been prepared in accordance with the applicable disclosure requirements of the Rules Governing the Listing of Securities on the Stock Exchange and Hong Kong Accounting Standard ("**HKAS**") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**"). The condensed consolidated interim financial statements do not include all of the information and disclosures required for a full set of financial statements prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") and should be read in conjunction with the annual consolidated financial statements of the Group for the year ended 31 March 2019.

The condensed consolidated interim financial statements are unaudited, but has been reviewed by the Company's independent auditor, Grant Thornton Hong Kong Limited.

The condensed consolidated interim financial statements are presented in thousands of units of Hong Kong dollars ("**HK$**"), except when otherwise indicated.

3. SIGNIFICANT ACCOUNTING POLICIES

The condensed consolidated interim financial statements have been prepared in accordance with the accounting policies adopted in the Group's most recent annual consolidated financial statements for the year ended 31 March 2019, except for the adoption of new accounting policies as a result of the adoption of the new and amended HKFRSs as set out below:

(a) New and amended HKFRSs

In the current period, the Group has applied for the first time the new and amended HKFRSs issued by the HKICPA, which are relevant to the Group's operations and effective for the Group's condensed consolidated interim financial statements for the annual period beginning on 1 April 2019:

HKFRS 16	Leases
Amendments to HKFRS 9	Prepayment Features with Negative Compensation
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015-2017 Cycle
HK(IFRIC) – Int 23	Uncertainty over Income Tax Treatments

Other than as noted below, the adoption of the new and amended HKFRSs had no material impact on how the results and financial position for the current and prior periods have been prepared and presented. For those which are not yet effective and have not been early adopted by the Group, the Group is in the process of assessing their impact on the Group's results and financial position.

HKFRS 16 "Leases"

HKFRS 16 "*Leases*" replaces HKAS 17 "*Leases*" along with three Interpretations (HK(IFRIC) Int-4 "*Determining whether an Arrangement contains a Lease*", HK(SIC) Int-15 "*Operating Leases-Incentives*" and HK(SIC) Int-27 "*Evaluating the Substance of Transactions Involving the Legal Form of a Lease*").

The Group has applied HKFRS 16 and the related consequential amendments to other HKFRSs which resulted in changes in accounting policies and adjustments to the amounts recognised in the condensed consolidated interim financial statements. In accordance with the transitional provisions in HKFRS 16, the Group has applied retrospectively with the cumulative effect of initial application recognised at 1 April 2019. In addition, the Group elects to use the practical expedient of the HKFRS 16 by not applying this accounting model to short-term leases (i.e. where the lease term is 12 months or less) and to leases of low-value assets, in which case the rental expenses would continue to be recognised on a systematic basis over the lease term. The Group also elects to use the practical expedient for not to perform a full review of existing leases and applies HKFRS 16 only to new contracts.

Furthermore, the Group elects to use the practical expedient to account for leases with remaining lease term within 12 months from the date of initial application as short term lease using the optional exemptions not to recognise right-of-use assets but to account for the lease expense on straight-line basis over the remaining lease term.

The accounting policies applicable to the Group as a lessor in the comparative period are not different from HKFRS 16. The Group is not required to make any adjustments on transition to HKFRS 16 for leases in which it acts as a lessor, except for certain sub-lease. When the Group is an intermediate lessor, the sublease is classified as a finance or operating lease with reference to the underlying right-of-use asset.

Before the adoption of HKFRS 16, commitments under operating leases for future periods were not recognised by the Group as liabilities. Operating lease rental expenses were recognised in the condensed consolidated statement of profit or loss and other comprehensive income over the lease period on a straight-line basis.

On adoption of HKFRS 16, the Group recognised the full lease liabilities in relation to leases which had previously been classified as operating leases if they meet certain criteria set out in HKFRS 16. These liabilities were subsequently measured at the present value of the remaining lease payments, discounted using the incremental borrowing rate of respective entities. The difference between the present value and the total remaining lease payments represents the cost of financing. Such finance cost will be charged to the condensed consolidated statement of profit or loss and other comprehensive income in the period in which it is incurred using effective interest method.

An arrangement, comprising a transaction or a series of transactions, is or contains a lease if the Group determines that the arrangement conveys a right to control the use of an identified asset for a period of time in exchange for consideration. Such determination is made on an evaluation of the substance of the arrangement, regardless of whether the arrangements take the legal form of a lease. At the inception of a contract that contains a lease component, as a lessee, the Group should allocate the consideration in the contract to each lease component on the basis of their relative stand-alone price. The Group, as a lessee, assessed its leases for non-lease components and separated non-lease components from lease components for certain classes of assets if the non-lease components were material.

The associated right-of-use assets were measured at the amount equal to the initial measurement of lease liabilities, adjusted by the amount of any initial direct costs, prepaid or accrued lease payments relating to that lease recognised in the condensed consolidated statement of financial position immediately before the date of initial application. The right-of-use assets were recognised in the condensed consolidated statement of financial position.

Depreciation was charged on a straight-line basis over the shorter of the asset's useful life and the lease term.

On transition to HKFRS 16, the weighted average incremental borrowing rate applied to lease liabilities recognised under HKFRS 16 was 4.7%.

The following is the reconciliation of total operating lease commitments at 31 March 2019 to the lease liabilities recognised at 1 April 2019:

	HK$'000
Total operating lease commitments disclosed at 31 March 2019	2,105
Add: Lease payments for the additional periods where the Group considers it reasonably certain that it will exercise the extension option	805
Operating leases liabilities before discounting	2,910
Discounting using incremental borrowing rate as at 1 April 2019	(135)
Total lease liabilities recognised under HKFRS 16 at 1 April 2019	2,775
Classified as:	
Current lease liabilities	1,393
Non-current lease liabilities	1,382
	2,775

The following table summarises the impact of transition to HKFRS 16 on the Group's consolidated statement of financial position at 1 April 2019:

	As at 31 March 2019 *HK$'000*	**Effect on initial application of HKFRS 16** *HK$'000*	**As at 1 April 2019** *HK$'000*
Non-current assets			
Right-of-use assets	–	2,775	2,775
Current liabilities			
Lease liabilities	–	1,393	1,393
Non-current liabilities			
Lease liabilities	–	1,382	1,382

The following tables summarise the impact of transition to HKFRS 16 on the Group's financial result and cash flows for the six months ended 30 September 2019.

	Six months ended 30 September 2019				Six months ended 30 September 2018
	Amounts reported under HKFRS 16	**Add back: HKFRS 16 depreciation and interest expense**	**Deduct: Amounts related to operating leases under HKAS 17**	**Amounts for 2019 reported under HKAS 17**	**Amounts for 2018 reported under HKAS 17**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Financial results for the six months ended 30 September 2019 impacted by the adoption of HKFRS 16:					
Administrative and other operating expenses	(7,752)	712	(747)	(7,787)	(15,983)
Finance costs	(1,072)	59	–	(1,013)	(920)
Profit before taxation	**4,688**	**771**	**(747)**	**4,712**	16,425
Profit for the period	**3,742**	**771**	**(747)**	**3,766**	12,579

	Six months ended 30 September 2019			Six months ended 30 September 2018
	Amounts reported under HKFRS 16	**Amounts related to operating leases under HKAS 17**	**Amounts for 2019 reported under HKAS 17**	**Amounts for 2018 reported under HKAS 17**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Condensed consolidated statement of cash flows for the six months ended 30 September 2019 impacted by the adoption of HKFRS 16:				
Cash used in operations	(2,011)	(747)	(2,758)	(25,730)
Net cash used in operating activities	**(4,027)**	**(747)**	**(4,774)**	**(25,730)**
Capital element of lease liabilities paid	(688)	688	–	–
Interest element of lease liabilities paid	(59)	59	–	–
Net cash generated from financing activities	**20,429**	**747**	**21,176**	**8,091**

4. REVENUE

The Group's principal activities are disclosed in note 1 of the condensed consolidated interim financial statements.

Revenue recognised during the six months ended 30 September 2019 and 2018 are as follows:

	Six months ended 30 September	
	2019	2018
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
By timing of revenue recognition:		
Control transferred over time	**228,059**	273,273
Control transferred at a point in time	**–**	7,798
	228,059	281,071
By type of services:		
Fitting-out services	**228,059**	273,273
Supply of fitting-out materials	**–**	7,798
	228,059	281,071

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

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

	Six months ended 30 September	
	2019	2018
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Customer A[1]	**173,564**	187,077
Customer B	**N/A**[2]	29,164

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

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

5. FINANCE COSTS

	Six months ended 30 September	
	2019	2018
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Interest on bank borrowings	**1,013**	920
Finance charges on lease liabilities	**59**	–
	1,072	920

6. PROFIT BEFORE INCOME TAX

	Six months ended 30 September	
	2019	2018
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Profit before income tax is arrived at after charging:		
(a) **Staff costs (including directors' remuneration)** *(note (i))*		
Salaries, wages and other benefits *(note (ii))*	**21,924**	17,488
Discretionary bonuses	**–**	508
Contributions to defined contribution retirement plans	**963**	772
	22,887	18,768
(b) **Other items**		
Depreciation, included in:		
Direct costs		
– Owned assets	**11**	–
Administrative expenses		
– Owned assets	**482**	219
– Right-of-use assets	**712**	–
	1,205	219
Subcontracting charges (included in direct costs)	**150,703**	165,120
Cost of materials and finished goods	**41,059**	65,062
Auditors' remuneration	**200**	39
Operating lease charges in respect of premises	**–**	462
Listing expenses	**–**	10,729

Note (i): Staff costs (including directors' remuneration) included in:

Direct costs	**19,316**	15,875
Administrative expenses	**3,571**	2,893
	22,887	18,768

Note (ii): For the six months ended 30 September 2018, staff costs included operating lease payments of HK$216,000 in respect of director's quarter. At as 1 April 2019, the remaining lease payments in respect of director's quarter have been recognised as lease liability and corresponding right-of-use asset. During the six months ended 30 September 2019, the depreciation and lease payments in respect of relevant right-of-use asset amounted to HK$224,000 and HK$234,000 respectively.

7. INCOME TAX EXPENSE

	Six months ended 30 September	
	2019	2018
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Current Tax		
Hong Kong profits tax	**822**	3,859
Deferred Tax	**124**	(13)
Income tax expense	**946**	3,846

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

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

Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profits arising in or derived from Hong Kong for the six months ended 30 September 2019, except that the Group's qualified entity is calculated in accordance with the two-tiered profit tax rates regime and the profits tax of other group entities in Hong Kong which are not qualifying for the two-tiered profits tax rates regime will continue to be taxed at the flat rate of 16.5% (30 September 2018: 16.5%).

8. DIVIDENDS

During the current period, a final dividend for the year ended 31 March 2019 of HK8 cents per ordinary share, amounting to approximately HK$38,400,000, has been declared and approved by the shareholders at the annual general meeting of the Company.

No interim dividend was paid or proposed for ordinary shareholders of the Company during the six months ended 30 September 2019 (six months ended 30 September 2018: nil).

9. EARNINGS PER SHARE

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

	Six months ended 30 September	
	2019	2018
	(unaudited)	(unaudited)
Profit attributable to owners of the Company *(HK$'000)*	**3,742**	12,579
Weighted average number of ordinary shares in issue *(in thousands) (Note)*	**480,000**	360,000
Basic earnings per share *(HK cents)*	**0.78**	3.49

Note: In determining the number of shares in issue for the six months ended 30 September 2018, the total of 360,000,000 shares issued, comprise 100 shares issued on the incorporation of the Company, 100 shares issued on the Reorganisation of the Group and 359,999,800 shares to be issued on capitalisation issue were deemed to have been issued since 1 April 2018.

The diluted earnings per share is equal to the basic earnings per share as there were no dilutive potential ordinary shares in issue during the six months ended 30 September 2019 and 2018.

10. TRADE AND OTHER RECEIVABLES

	As at 30 September 2019 *HK$'000* **(unaudited)**	As at 31 March 2019 *HK$'000* (audited)
Trade receivables	**23,061**	25,492
Less: Expected credit losses ("**ECL**") allowances	**(148)**	(148)
Trade receivables – net *(a)*	**22,913**	25,344
Retention receivables	**13,835**	13,205
Other receivables, deposits and prepayments	**5,426**	5,066
	42,174	43,615

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

	As at 30 September 2019 *HK$'000* **(unaudited)**	As at 31 March 2019 *HK$'000* (audited)
0–30 days	**13,687**	18,921
31–60 days	**3,669**	2,781
61–90 days	**651**	50
Over 90 days	**4,906**	3,592
	22,913	25,344

As at 30 September 2019, no additional ECL allowances were made against the trade receivables (31 March 2019: HK$148,000).

11. RESTRICTED CASH

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

12. TRADE AND OTHER PAYABLES

	As at 30 September 2019 *HK$'000* (unaudited)	As at 31 March 2019 *HK$'000* (audited)
Trade payables	**48,985**	85,673
Accruals and other payables	**4,177**	9,586
	53,162	95,259

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

	As at 30 September 2019 *HK$'000* (unaudited)	As at 31 March 2019 *HK$'000* (audited)
0–30 days	**20,116**	52,927
31–60 days	**5,970**	4,226
61–90 days	**2,408**	13,799
Over 90 days	**20,491**	14,721
	48,985	85,673

13. SHARE CAPITAL

	Number of ordinary shares	Share capital *HK$'000*
Ordinary shares of HK$0.01 each		
Authorised:		
As at 31 March 2019 and 30 September 2019	**1,000,000,000**	**10,000**
Issued and fully paid:		
As at 31 March 2019 and 30 September 2019	**480,000,000**	**4,800**

MANAGEMENT DISCUSSION AND ANALYSIS

Industry Overview

As the economy in Hong Kong maintained stable growth in recent years, the construction industry has been driven by various types of projects from infrastructure to housing. Looking at the second quarter of 2019, the gross value of construction works performed by main contractors in Hong Kong totalled to approximately HK$57.0 billion, according to the Census and Statistics Department. This equates to a 8.0% decrease compared with the second quarter of 2018 but an 3.7% increase from the first quarter of 2019. Zooming into construction works at locations other than construction sites such as decoration, repair and maintenance, carpentry, electrical equipment etc., output value for the second quarter of 2019 rose by 5.2% than that of 2018, contrasting the overall trend as mentioned above.

In Hong Kong, although the growing property prices showed no signs of slowing down in the first half of 2019, the private property market has reflected some fluctuating sentiments over Hong Kong's social unrest in the third quarter. The continuous trend of one after another new private property could conceivably be affected, thus driving down the demand for residential fitting-out works. In addition, retail and hospitality have been reported to turn sluggish with declined customer volume and opening hours. Together with other businesses that appeared to be impacted, this has posed challenges for all surrounding construction sectors including the commercial fitting-out works where plans could be simplified or postponed.

With the shortage of public housing highlighted again as a major social issue, the Lands Resumption Ordinance has been brought up by the Hong Kong government as a potential means to release the city's immediately available land supply for public housing, whereas longer-term supply could be catered to by reclaimed land. Some property developers have taken initiative in lending out their privately own land for public purpose.

All the above factors compose a complicated picture for fitting-out contractors and the construction industry in general. Rising material costs in combination with the need to offer attractive labour wages, due to the lack of skilled labour will affect the profitability of the projects. However, they should stay alert to any signs of rebound in the market and change in customer sentiments, since small economic adjustments are often unpredictable.

Business Review and Outlook

The shares of the Company (the "**Shares**") were listed on the Main Board of the Stock Exchange (the "**Listing**") on 31 December 2018 (the "**Listing Date**"). The proceeds received from the Listing have strengthened the Group's cash flow and the Group will implement its future plans as set out in the section headed "Future Plans and Use of Proceeds" in the prospectus of the Company dated 13 December 2018 (the "**Prospectus**").

The Group is an established fitting-out contractor in Hong Kong with over 23 years of experience since the establishment of one of our principal operating subsidiaries, Hoi Sing Decoration Engineering Company Limited ("**Hoi Sing Decoration**"), in 1995. The Group's fitting-out services cover both (i) fitting-out works conducted on new buildings; and (ii) interior renovation works on existing buildings that involve upgrades, makeovers and demolition of existing works. Hoi Sing Decoration and Milieu Wooden Company Limited are registered under the voluntary Subcontractor Registration Scheme of the Construction Industry Council. Such services are mainly provided to residential and commercial properties in Hong Kong on a project basis. To a lesser extent, the Group also supplies fitting-out materials such as timber products upon customers' requests in Hong Kong.

For the six months ended 30 September 2019, the Group's sources of revenue are categorised as residential and non-residential fitting-out services. During the six months ended 30 September 2019, the Group's revenue decreased by approximately 18.9% to approximately HK$228.1 million, compared with HK$281.1 million for the six months ended 30 September 2018. The decrease is primarily attributable to (i) the decrease in revenue as a result of the decrease in number of sizeable projects undertaken during the six months ended 30 September 2019; and (ii) the adoption of a more competitive project pricing strategy by the Group in response to intense market competition during the six months ended 30 September 2019.

Due to the intensified competition in construction industry and the overall increase in construction costs, the business environment in which the Group operates has become tough. Therefore, it is estimated that the Group's profit and profit margin will be affected. The Board of Directors would take appropriate actions such as cost control in order to improve the financial performance of the Group in the future. At the same time, the Group will closely monitor the market conditions and actively respond to any changes. The Board of Directors is still confident in maintaining the Group's competitiveness and remains positive for the future.

Financial Review

Revenue

During the six months ended 30 September 2019, the Group's revenue decreased by approximately HK$53.0 million, or 18.9% to approximately HK$228.1 million (six months ended 30 September 2018: approximately HK$281.1 million). Such decrease in revenue was primarily due to (i) the decrease in number of sizeable projects undertaken during the six months ended 30 September 2019; and (ii) the adoption of a more competitive project pricing strategy by the Group in response to intense market competition during the six months ended 30 September 2019.

Gross profit and gross profit margin

During the six months ended 30 September 2019, the Group's gross profit decreased by approximately HK$19.8 million, or 59.5% to approximately HK$13.5 million (six months ended 30 September 2018: approximately HK$33.3 million). Such decrease in gross profit was attributable to the decrease in the revenue as discussed above and the decrease in the Group's gross margin. Gross profit margin for the six months ended 30 September 2019 was approximately 5.9%, which lowered from approximately 11.9% of the six months ended 30 September 2018. The decrease in the gross profit margin was mainly due to the adoption of a more competitive pricing strategy by the Group in response to intense market competition, coupled with the increase in the overall construction costs.

Other losses

Other losses mainly included net foreign exchange losses arising from foreign currencies deposited in banks for the six months ended 30 September 2019 of approximately HK$34,000 (six months ended 30 September 2018: approximately HK$12,000). The increase in other losses was primarily due to the depreciation of Renminbi against Hong Kong dollars during the six months ended 30 September 2019.

Administrative expenses and other operating expenses

The Group incurred administrative expenses and other operating expenses of approximately HK$7.8 million for the six months ended 30 September 2019 compared to HK$16.0 million for the corresponding period in 2018, representing a 51.3% decrease. This is mainly due to the Group did not incur any listing expenses during the six months ended 30 September 2019 (six months ended 30 September 2018: HK$10.7 million).

Finance Costs

For the six months ended 30 September 2019, finance costs have increased by approximately HK$0.2 million or approximately 22.2% compared to the six months ended 30 September 2018, from approximately HK$0.9 million to approximately HK$1.1 million. The increase was primarily due to the increase in use of the bank borrowings during the six months ended 30 September 2019.

Net profit

For the six months ended 30 September 2019, the profit and total comprehensive income has decreased by approximately HK$8.9 million or approximately 70.6% to approximately HK$3.7 million from approximately HK$12.6 million for the six months ended 30 September 2018. The decrease in the Group's net profit for the six months ended 30 September 2019 was mainly due to (i) the decrease in revenue as a result of the decrease in number of sizeable projects undertaken during the six months ended 30 September 2019; (ii) the decrease in gross profit margin due to the increase in the Group's overall construction costs; and (iii) the adoption of a more competitive project pricing strategy in response to intense market competition during the six months ended 30 September 2019.

Liquidity, Financial Resources and Capital Structure

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

As at 30 September 2019, the Company's issued capital was HK$4.8 million and the number of its issued ordinary Shares was 480,000,000 Shares of HK$0.01 each.

As at 30 September 2019, the Group had total cash and cash equivalents and restricted cash of approximately HK$68.7 million (31 March 2019: approximately HK$53.5 million). The increase was due to the aggregate net cash generated in operation, investing and financing activities of approximately HK$15.2 million.

The Group's gearing ratio, calculated as total interest-bearing liabilities divided by the total equity, increased from approximately 11.7% as at 31 March 2019 to approximately 26.3% as at 30 September 2019. The increase was primarily due to increase in the use of bank borrowings during the six months ended 30 September 2019.

Treasury Policy

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

Pledge of Assets

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

Foreign Exchange Exposure

As the Group only operates in Hong Kong and all of the revenue and transactions arising from its operations were settled in Hong Kong dollar, the Directors are of the view that the Group's foreign exchange rate risks are insignificant. Thus, the Group has not entered into any derivative contracts to hedge against the foreign exchange rate risk for the six months ended 30 September 2019.

Capital Commitments and Contingent Liabilities

Capital expenditure contracted for at the end of the period/year but not yet incurred is as follow:

	As at 30 September 2019 *HK$'000*	As at 31 March 2019 *HK$'000*
Property, plant and equipment	**184**	709

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

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

During the six months ended 30 September 2019, the Group did not have any significant investment held, any material acquisitions or disposals of subsidiaries or associated companies.

Future Plans for Material Investments or Capital Assets

Save as disclosed under the section headed "Future Plans and Use of Proceeds" in the Prospectus, the Group did not have other future plans for material investments or capital assets during the six months ended 30 September 2019.

Use of Proceeds

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

	Planned use of proceeds	**Actual usage up to 30 September 2019**	**Unutilised amounts as at 30 September 2019**
	HK$'000	*HK$'000*	*HK$'000*
Payment for upfront costs	13,589	13,589	–
Obtaining performance bond	11,264	3,046	8,218
Repayment of bank borrowings	30,307	30,307	–
Expansion of workforce	32,363	7,677	24,686
General working capital	1,877	1,877	–
Total	89,400	56,496	32,904

As at 30 September 2019 and the date of this announcement, the unutilised proceeds were placed in interest-bearing deposits with authorised financial institutions or licensed banks in Hong Kong. The Directors regularly evaluate the Group's business objective and may change or modify plans against the changing market condition to ascertain the business growth of the Group. During the six months ended 30 September 2019, the Directors considered that no modification of the use of proceeds described in the Prospectus was required.

Employees and Remuneration Policy

As at 30 September 2019, the Group employed a total of 92 full-time employees (including three executive Directors but excluding three independent non-executive Directors). The remuneration packages that the Group offers to employees includes salary, discretionary bonuses and other cash subsidies. In general, the Group determines employee salaries based on each employee's qualifications, position and seniority. The Group has designed an annual review system to assess the performance of its employees, which forms the basis of its decisions with respect to salary raises, bonuses and promotions. The total staff cost incurred by the Group for the six months ended 30 September 2019 was approximately HK$22.9 million.

The remuneration of the Directors is decided by the Board upon the recommendation from the remuneration committee of the Company having regard to the Group's operating results, individual performance and comparable market statistics.

Interim Dividends

The Board has resolved not to declare any interim dividend for the six months ended 30 September 2019 (six months ended 30 September 2018: nil).

CORPORATE GOVERNANCE CODE/OTHER INFORMATION

Compliance with the Corporate Governance Code

The Company has adopted the corporate governance code (the "**CG Code**") contained in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**"). The Company has complied with all the code provisions set out in the CG Code during the six months ended 30 September 2019 and up to the date of this announcement.

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

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 of the Listing Rules as its own code of conduct regarding Directors' securities transactions. Having made specific enquiries of the Directors, all the Directors have confirmed that they have complied with the requirements of the Model Code during the six months ended 30 September 2019 and up to the date of this announcement.

Share Option Scheme

The Company has adopted a share option scheme (the "**Share Option Scheme**") on 6 December 2018. The principal terms of the Share Option Scheme are summarised in Appendix IV to the Prospectus. The purpose of the Share Option Scheme is to attract and retain the best available personnel of the Group, to provide additional incentive to employees (full-time and part-time), directors, consultants, 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 maximum number of Shares in respect of which share options may be granted under the Share Option Scheme and any other schemes shall not, in aggregate, exceed 48,000,000 Shares (representing 10% of the Share in issue as at the date of this announcement), unless otherwise approved by the shareholders of the Company. No share option has been granted, exercised, cancelled or lapsed under the Share Option Scheme since its adoption on 6 December 2018, and there is no outstanding share option as at 30 September 2019.

Competing Interests

Neither the Directors nor the controlling shareholders of the Company nor their respective close associates is interested in a business apart from the Group's business which competes or is likely to compete, directly or indirectly, with the Group's business during the six months ended 30 September 2019, and is required to be disclosed pursuant to Rule 8.10 of the Listing Rules.

Purchase, Sale or Redemption of the Company's Securities

During the six months ended 30 September 2019, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's securities.

Event after the reporting period

There is no material subsequent event undertaken by the Group after 30 September 2019 and up to the date of this announcement.

Sufficiency of Public Float

Based on the information that is publicly available to the Company and within the knowledge of the Directors, the Directors confirmed that the Company has maintained a sufficient amount of public float for its Shares as required under the Listing Rules during the six months ended 30 September 2019 and up to the date of this announcement.

Audit Committee Review

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

The Group's unaudited financial statements for the six months ended 30 September 2019 have been reviewed and approved by the Audit Committee. The Audit Committee was of the opinion that the preparation of such results complied with the applicable accounting standards and requirements as well as the Listing Rules and that adequate disclosures have been made.

Review of Interim Results

The Group's interim results for the six months ended 30 September 2019 have not been audited, but have been reviewed by the Audit Committee. The interim results for the six months ended 30 September 2019 have also been reviewed by auditor, Grant Thornton Hong Kong Limited, in accordance with Hong Kong Standard on Review Engagement 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. Based on their review and discussions with the management, the Audit Committee was satisfied that the interim results were prepared in accordance with applicable accounting standards that fairly present the Group's financial position and results for the six months ended 30 September 2019.

Publication of Interim Results Announcement and Interim Report

This interim results announcement is published on the Company's website at www.yield-go.com and the website of the Stock Exchange at www.hkexnews.hk. The 2019 interim report for the six months ended 30 September 2019 will be dispatched to shareholders of the Company and available on the same websites in due course.

Appreciation

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

By order of the Board
Yield Go Holdings Ltd.
Man Hoi Yuen
Chairman and Executive Director

Hong Kong, 29 November 2019

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