Yield Go Holdings Ltd.
耀高控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1796)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 MARCH 2020

FINANCIAL HIGHLIGHTS

- Revenue of the Group for the year ended 31 March 2020 amounted to approximately HK$420.3 million (year ended 31 March 2019: approximately HK$669.8 million).
- Gross profit margin for the year ended 31 March 2020 was at approximately 2.7% (year ended 31 March 2019: approximately 12.0%).
- Loss before income tax of the Group for the year ended 31 March 2020 was approximately HK$7.9 million (profit before income tax for the year ended 31 March 2019: approximately HK$46.1 million).
- Loss attributable to equity holders of the Company for the year ended 31 March 2020 amounted to approximately HK$8.0 million (profit attributable to equity holders for the year ended 31 March 2019: approximately HK$36.0 million).
- Basic and diluted loss per share for the year ended 31 March 2020 amounted to approximately HK1.66 cents (basic and diluted earnings per share for the year ended 31 March 2019: approximately HK9.22 cents).
- The Board has resolved not to declare any dividend for the year ended 31 March 2020 (year ended 31 March 2019: HK8.00 cents per ordinary share).

The board (the "**Board**") of directors (the "**Directors**") of Yield Go Holdings Ltd. (the "**Company**") is pleased to present the audited consolidated financial results of the Company and its subsidiaries (collectively, the "**Group**") for the year ended 31 March 2020 (the "**Review Year**"), together with the comparative figures for the corresponding year ended 31 March 2019 (the "**FY2019**").

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2020

		For the year ended 31 March	
		2020	2019
	Notes	***HK$'000***	*HK$'000*
Revenue	4	**420,302**	669,780
Direct costs		**(408,902)**	(589,352)
Gross profit		**11,400**	80,428
Other gains – net	5	**46**	62
Administrative and other operating expenses		**(17,073)**	(32,531)
Finance costs	6	**(2,230)**	(1,828)
(Loss)/Profit before income tax	7	**(7,857)**	46,131
Income tax expense	8	**(105)**	(10,168)
(Loss)/Profit and total comprehensive (expense)/ income for the year attributable to equity holders of the Company		**(7,962)**	35,963
(Loss)/Earnings per share attributable to equity holders of the Company		**HK cents**	HK cents
– Basic and diluted	10	**(1.66)**	9.22

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 year (refer to note 3 for details).

Details of dividends are disclosed in note 9.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 March 2020

	Notes	As at 31 March 2020 HK$'000	2019 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		**1,655**	150
Right-of-use assets		**1,442**	–
Deferred tax assets		**35**	36
		3,132	186
Current assets			
Trade and other receivables	11	**56,686**	43,615
Contract assets		**194,381**	242,744
Cash and bank balances		**25,267**	50,472
Restricted cash	12	**3,046**	3,037
Tax recoverable		**1,833**	–
		281,213	339,868
Current liabilities			
Trade and other payables	13	**50,993**	95,259
Contract liabilities		**15,654**	–
Bank borrowings		**43,244**	25,087
Amount due to a director		**4,600**	–
Lease liabilities		**1,431**	–
Tax payable		**–**	4,966
		115,922	125,312
Net current assets		**165,291**	214,556
Total assets less current liabilities		**168,423**	214,742
Non-current liability			
Lease liabilities		**43**	–
Net assets		**168,380**	214,742
CAPITAL AND RESERVES			
Share capital	14	**4,800**	4,800
Reserves		**163,580**	209,942
Total equity		**168,380**	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 year (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 Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") (the "**Listing**") with effect 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 31 March 2020, 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**").

The consolidated financial statements for the year ended 31 March 2020 were approved for issue by the Board of Directors on 24 June 2020.

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

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

2. BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("**HKASs**") and Interpretations issued by the HKICPA and the accounting principles generally accepted in Hong Kong.

The consolidated financial statement also comply with the applicable disclosure requirements of the Hong Kong Companies Ordinance and include the applicable disclosure requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("**Listing Rules**").

The significant accounting policies that have been used in the preparation of these consolidated financial statements are summarised below. These policies have been consistently applied to all the years presented unless otherwise stated. The adoption of new or amended HKFRSs and the impacts on the Group's financial statements, if any, are disclosed in note 3.

The consolidated financial statements have been prepared on the historical cost basis.

The consolidated financial statements are presented in Hong Kong dollars ("**HK$**"), which is the functional currency of the Company and its subsidiaries, and all values are rounded to the nearest thousands ("**HK$'000**"), except when otherwise indicated.

3. ADOPTION OF NEW AND AMENDED HKFRSs

3.1 New and amended HKFRSs that are effective for annual periods beginning or after 1 April 2019

In the current year, the Group has applied for the first time the following new and amended HKFRSs issued by the HKICPA, which are relevant to the Group's operations and effective for the Group's consolidated 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 HKAS 19	Plan Amendment, Curtailment or Settlement
Amendments to HKAS 28	Long-term Interests in Associate and Joint Ventures
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015 – 2017 Cycle
HK(IFRIC) – Int 23	Uncertainty over Income Tax Treatments

Among these new and amended HKFRSs, other than the effect of adoption of HKFRS 16 "Lease" noted below, the other new and amended HKFRSs do not have any material impact on the Group's consolidated financial statements.

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"). HKFRS 16 has been applied using the modified retrospective approach, with the cumulative effect of adopting HKFRS 16 being recognised in equity as an adjustment to the opening balance of retained profits for the current period. Prior periods have not been restated.

For contracts in place at the date of initial application, the Group has elected to apply the definition of a lease from HKAS 17 and HK(IFRIC)-Int 4 and has not applied HKFRS 16 to arrangements that were previously not identified as lease under HKAS 17 and HK(IFRIC)-Int 4.

The Group has elected not to include initial direct costs in the measurement of the right-of-use asset for operating leases in existence at the date of initial application of HKFRS 16, being 1 April 2019. At this date, the Group has also elected to measure the right-of-use assets at an amount equal to the lease liability adjusted for any prepaid or accrued lease payments that existed at the date of transition.

Instead of performing an impairment review on the right-of-use assets at the date of initial application, the Group has relied on its historic assessment as to whether leases were onerous immediately before the date of initial application of HKFRS 16.

On transition, for leases previously accounted for as operating leases with a remaining lease term of less than 12 months, the Group has applied the optional exemptions to not recognise right-of-use assets but to account for the lease expense on a straight-line basis over the remaining lease term.

The weighted average incremental borrowing rate applied to lease liabilities recognised under HKFRS 16 was 4.7% per annum.

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 liability			
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 year ended 31 March 2020:

	2020				2019
	Amounts reported under HKFRS 16	**Add back: HKFRS 16 depreciation and interest expense**	**Deduct: Amounts related to operating leases under HKAS 17**	**Amounts for 2020 reported under HKAS 17**	Amounts for 2019 reported under HKAS 17
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***	*HK$'000*
Financial results for the year ended 31 March 2020 impacted by the adoption of HKFRS 16:					
Administrative and other operating expenses	(17,073)	1,433	(1,503)	(17,143)	(32,531)
Finance costs	(2,230)	102	–	(2,128)	(1,828)
(Loss)/Profit before income tax	**(7,857)**	**1,535**	**(1,503)**	**(7,825)**	46,131
(Loss)/Profit for the year	**(7,962)**	**1,535**	**(1,503)**	**(7,930)**	35,963

	2020			2019
	Amounts reported under HKFRS 16	**Amounts related to operating leases under HKAS 17**	**Amounts for 2020 reported under HKAS 17**	Amounts for 2019 reported under HKAS 17
	HK$'000	***HK$'000***	***HK$'000***	*HK$'000*
Consolidated statement of cash flows for the year ended 31 March 2020 impacted by the adoption of HKFRS 16:				
Cash generated from/(used in) operations	5,240	(1,503)	3,737	(65,939)
Net cash used in operating activities	**(1,663)**	**(1,503)**	**(3,166)**	(73,115)
Capital element of lease liabilities paid	(1,401)	1,401	–	–
Interest element of lease liabilities paid	(102)	102	–	–
Net cash (used in)/generated from financing activities	**(22,320)**	**1,503**	**(20,817)**	98,221

4. REVENUE

The Group's principal activities are disclosed in note 1 of the consolidated financial statements. Revenue recognised during the years ended 31 March 2019 and 2020 are as follows:

	2020	2019
	HK$'000	*HK$'000*
By timing of revenue recognition:		
Control transferred over time	**420,302**	661,982
Control transferred at a point in time	**–**	7,798
	420,302	669,780
By type of services:		
Fitting-out services	**420,302**	661,982
Supply of fitting-out materials	**–**	7,798
	420,302	669,780

The chief operating decision-maker (the "**CODM**") 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.

Information about major customers

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

	2020	2019
	HK$'000	*HK$'000*
Customer A[1]	**265,749**	484,346
Customer B	**72,508**	N/A[2]

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.

Transaction price allocated to the remaining performance obligations

The following table includes revenue expected to be recognised in the future related to performance obligations that were unsatisfied (or partially unsatisfied) as at 31 March 2019 and 2020.

	2020
	HK$'000
Remaining performance obligations expected to be satisfied during the year ending:	
31 March 2021	**144,635**
31 March 2022	**41,763**
	186,398

	2019
	HK$'000
Remaining performance obligations expected to be satisfied during the year ending:	
31 March 2020	275,490
31 March 2021	6,461
	281,951

5. OTHER GAINS – NET

	2020	2019
	HK$'000	*HK$'000*
Bank interest income	**2**	78
Reversal of provision for expected credit losses ("**ECL**") allowance on contract assets	**33**	–
Net foreign exchange losses	**(39)**	(16)
Government grant	**50**	–
	46	62

6. FINANCE COSTS

	2020	2019
	HK$'000	*HK$'000*
Interest on bank borrowings	**2,128**	1,828
Finance charges on lease liabilities	**102**	–
	2,230	1,828

7. (LOSS)/PROFIT BEFORE INCOME TAX

	2020 *HK$'000*	2019 *HK$'000*
(Loss)/Profit before income tax is arrived at after charging:		
(a) Staff costs (including directors' remuneration) ***(note (i))***		
Salaries, wages and other benefits *(note (ii))*	**40,433**	39,546
Discretionary bonuses	**–**	2,139
Contributions to defined contribution retirement plans	**1,662**	1,669
	42,095	43,354
(b) Other items		
Depreciation, included in:		
Direct costs		
– Owned assets	**26**	6
Administrative expenses		
– Owned assets	**1,014**	263
– Right-of-use assets	**1,433**	–
	2,473	269
Subcontracting charges (included in direct costs)	**293,688**	382,833
Cost of materials and finished goods	**76,222**	166,079
Auditors' remuneration	**650**	1,500
Short term lease with lease term less than 12 months/Operating lease charges in respect of machinery and equipment	**390**	27
Short term lease with lease term less than 12 months/Operating lease charges in respect of warehouse	**164**	48
Operating lease charges in respect of premises	**–**	528
Listing expenses	**–**	16,926
Provision for ECL allowance on trade and other receivables, net	**91**	25
(Reversal)/Provision for ECL allowance on contract assets, net	**(33)**	66
Written-off of retention receivables	**–**	12

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

	2020 *HK$'000*	2019 *HK$'000*
Direct costs	**34,469**	36,545
Administrative expenses	**7,626**	6,809
	42,095	43,354

Note (ii): For the year ended 31 March 2019, staff costs included operating lease payments of HK$438,000 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 year ended 31 March 2020, the depreciation and lease payments in respect of relevant right-of-use asset and lease liability amounted to HK$448,000 and HK$468,000 respectively.

8. INCOME TAX EXPENSE

	2020	2019
	HK$'000	*HK$'000*
Current Tax		
– Hong Kong profits tax		
Current year	**77**	10,278
Under/(Over) provision in respect of prior year	**27**	(95)
	104	10,183
Deferred Tax	**1**	(15)
Income tax expense	**105**	10,168

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

Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profits arising in or derived from Hong Kong for the year ended 31 March 2020, 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% (2019: 16.5%).

9. DIVIDENDS

(a) Dividends attributable to the year

	2020	2019
	HK$'000	*HK$'000*
Proposed final – Nil (2019: HK 8 cents per ordinary share)	**–**	38,400

(b) Dividends attributable to the previous financial year, approved and paid during the year

	2020	2019
	HK$'000	*HK$'000*
Final dividend in respect of the previous financial year, of HK 8 cents per ordinary share (2019: Nil)	**38,400**	–

10. (LOSS)/EARNINGS PER SHARE

Basic (loss)/earnings per share is calculated by dividing the (loss)/profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year.

	2020	2019
(Loss)/Profit attributable to equity holders of the Company *(HK$'000)*	**(7,962)**	35,963
Weighted average number of ordinary shares in issue *(in thousands)*	**480,000**	389,918
Basic (loss)/earnings per share *(HK cents)*	**(1.66)**	9.22

The diluted (loss)/earnings per share is equal to the basic (loss)/earnings per share as there were no dilutive potential ordinary shares in issue during the years ended 31 March 2019 and 2020.

11. TRADE AND OTHER RECEIVABLES

	2020	2019
	HK$'000	*HK$'000*
Trade receivables	**36,196**	25,492
Less: ECL allowance	**(37)**	(148)
Trade receivables – net *(note (a))*	**36,159**	25,344
Retention receivables *(note (b))*	**16,399**	13,205
Other receivables, deposits and prepayments *(note (c))*	**4,128**	5,066
	56,686	43,615

Notes:

(a) Trade receivables

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

	2020	2019
	HK$'000	*HK$'000*
0–30 days	**15,275**	18,921
31–60 days	**14,136**	2,781
61–90 days	**6,203**	50
Over 90 days	**545**	3,592
	36,159	25,344

During the year ended 31 March 2020, net reversal of ECL allowance of approximately HK$111,000 (2019: net addition of ECL allowance of approximately HK$25,000) were made against the gross amount of trade receivables.

(b) Retention receivables

Retention receivables were not past due as at 31 March 2020, and were due for settlement in accordance with the terms of respective contract (2019: Nil).

The Group generally allows 3% to 10% of total contract price of its contracts as retention, which are unsecured, interest-free and recoverable at the completion of the defects liability period of individual contracts which range from 12 months to 18 months from the date of the completion of the respective contract.

The due date for settlement of the Group's retention receivables based on the completion of defects liability period as at 31 March 2020 as follows:

	2020	2019
	HK$'000	*HK$'000*
Due within one year	**16,399**	13,205

During the year ended 31 March 2020, additional provision for ECL allowance of approximately HK$121,000 was made. During the year ended 31 March 2019, HK$12,000 of retention receivables was fully impaired and written off.

(c) Other receivables, deposits and prepayments

	2020	2019
	HK$'000	*HK$'000*
Other receivables	**309**	943
Deposits	**2,590**	2,643
Prepayments	**1,310**	1,480
	4,209	5,066
Less: ECL allowance	**(81)**	–
Balance at 31 March	**4,128**	5,066

During the year ended 31 March 2020, the Group had recognised provision for ECL allowance on other receivables of approximately HK$81,000 (2019: Nil) as individually impaired.

12. RESTRICTED CASH

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

13. TRADE AND OTHER PAYABLES

	2020	2019
	HK$'000	*HK$'000*
Trade payables	**46,295**	85,673
Accruals and other payables	**4,698**	9,586
	50,993	95,259

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

	2020	2019
	HK$'000	*HK$'000*
0–30 days	**20,990**	52,927
31–60 days	**3,372**	4,226
61–90 days	**4,907**	13,799
Over 90 days	**17,026**	14,721
	46,295	85,673

14. SHARE CAPITAL

	Notes	**Number of ordinary shares**	**Share capital**
			HK$'000
Ordinary shares of HK$0.01 each			
Authorised:			
As at 1 April 2017, 31 March 2018 and 1 April 2018		–	–
Upon incorporation of the Company on 9 May 2018	(a)	38,000,000	380
Increase in number of authorised shares	(b)	962,000,000	9,620
At 31 March 2019 and 2020		**1,000,000,000**	**10,000**
Issued and fully paid:			
As at 1 April 2017, 31 March 2018 and 1 April 2018		–	–
Upon incorporation of the Company on 9 May 2018	(a)	100	–
Shares issued upon the Reorganisation	(c)	100	–
Shares issued pursuant to the capitalisation issue	(d)	359,999,800	3,600
Shares issued pursuant to the share offer	(e)	120,000,000	1,200
At 31 March 2019 and 2020		**480,000,000**	**4,800**

Notes:

(a) On 9 May 2018 (date of incorporation), an initial authorised share capital of HK$380,000 divided into 38,000,000 ordinary shares of HK$0.01 each and one fully-paid ordinary share was allotted and issued to the initial subscriber which was then transferred to Hoi Lang on the same date. A further allotment and issuance of 99 ordinary shares were made on the same date to Hoi Lang.

(b) On 6 December 2018, the authorised share capital of the Company was increased from HK$380,000 to HK$10,000,000 divided into 1,000,000,000 ordinary shares by the creation of an additional 962,000,000 ordinary shares of HK$0.01 each.

(c) On 18 September 2018 (date of reorganisation), the Company issued and allotted 100 ordinary shares to Hoi Lang, all credited as fully paid respectively.

(d) On 6 December 2018, the directors of the Company authorised to allot and issue a total of 359,999,800 ordinary shares credited as fully paid at par to the shareholders of the Company by way of capitalisation of the sum of approximately HK$3,600,000 standing to the credited of the share premium account of the Company.

(e) Upon its listing on the Main Board of the Stock Exchange on 31 December 2018, the Company issued 120,000,000 new ordinary shares at an offer price of HK$1.05 each and raised gross proceeds of approximately HK$126,000,000.

MANAGEMENT DISCUSSION AND ANALYSIS

Industry Overview

The contraction of the global economy was elevated by China-US trade dispute during the Review Year. It took a heavy toll on the economic sentiments amongst various markets. As the world's second-largest economy, China's GDP grew at 6.1% in 2019, which is the slowest growth since 1990.

Driven by the continuous demand for newly-completed commercial and residential buildings, infrastructure, and rising concerns of aged buildings' maintenance and redevelopment, Hong Kong's overall construction industry experienced stable growth in recent years. However, in 2019, it recorded the first decline in terms of gross output value since 2006. According to the Census and Statistics Department, the gross value of construction works in Hong Kong during 2019 amounted to approximately HK$236,438 million in the sum of board trade groups. As compared to 2018, it indicates 6.2% decrease of gross value from on and off-site construction works, including private and public sector constructions, decoration, repair and maintenance etc. The market environment of Hong Kong construction industry affects the fitting-out industry development heavily, as fitting-out works are commonly demanded in commercial and residential construction projects. Therefore, the shrank of Hong Kong's construction industry implies the threat of dwindling number of projects available to contractors in the fitting-out market for the Review Year.

Although housing policy remains a prime focus of the Hong Kong government, a series of events that happened during 19/20 fiscal year in Hong Kong have hampered the growth of construction and fitting-out works industry. The social unrest since June 2019 impacted the local economic sentiment adversely, of which overall investment intention plummeted under a subdued social condition. From the social unrest to the current outbreak of novel coronavirus ("**COVID-19**") epidemic, many construction and fitting-out projects were forced to halt. The epidemic made workers at the same site or unit work separately to prevent from getting infected or spreading the virus, which in turn has slowed down the work progress. While the industry was hard hit by the decrease in the number of projects, fitting out contractors and other construction sectors bare higher operating costs due to the project delays.

Business Review

The Group is an established fitting-out contractor in Hong Kong, with over 24 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 include 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 subcontractors under the Registered Specialist Trade Contractors Scheme of the Construction Industry Council. Their services are mainly offered to residential and commercial properties in Hong Kong on a project basis. To a smaller extent, the Group also supplies fitting-out materials such as timber products upon customers' requests in Hong Kong.

The Group's sources of revenue are grouped into three categories: residential and non-residential fitting-out services, as well as a small business segment of supplying fitting-out materials. During the Review Year, the Group's revenue decreased by 37.2% to approximately HK$420.3 million (FY2019: HK$669.8 million). Such decrease was primarily attributable to (i) the decrease in number of large-sized projects undertaken during the Review Year; (ii) the delay in certain projects as a result of the outbreak of COVID-19 epidemic during the Review Year; and (iii) the adoption of a more competitive project pricing strategy by the Group in response to the intense market competition during the Review Year.

Outlook

Despite that the global trade tension has lessened as China and the US have reached consensus on the 'phase one' trade agreement, the Group expects the coming year to be more challenging. The outbreak of COVID-19 epidemic affecting most of the world's major economies, has been bringing uncertainties and risks to the global market. Logistics was delayed, and factories were closed temporarily. Due to the subsequent quarantine measures, our fitting-out projects in Hong Kong have been adversely affected, and such influences might continue until COVID-19 epidemic was contained. The Group will be cautious about the volatile and challenging economic development in the next year.

Financial Review

Revenue

During the Review Year, the Group's revenue decreased by approximately 37.2% to approximately HK$420.3 million (FY2019: approximately HK$669.8 million). Such decrease in revenue was primarily due to (i) the decrease in number of large-sized projects undertaken during the Review Year; (ii) the delay in certain projects as a result of the outbreak of COVID-19 epidemic during the Review Year; and (iii) the adoption of a more competitive project pricing strategy by the Group in response to the intense market competition during the Review Year.

Gross profit and gross profit margin

During the Review Year, the Group's gross profit decreased by approximately 85.8% year-on-year to approximately HK$11.4 million (FY2019: approximately HK$80.4 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 profit margin. Gross profit margin for the Review Year was approximately 2.7%, which lowered from approximately 12.0% of the FY2019. 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 resulted from unexpected additional costs incurred for certain projects during the Review Year.

Other gains – net

The Group recorded other gains mainly included reversal of provision for ECL allowance on contract assets and government grant for the Review Year of approximately HK$46,000 (FY2019: approximately HK$62,000). Such decrease in other gains was primarily due to the decrease in bank interest income during the Review Year.

Administrative expenses and other operating expenses

For the Review Year, the administrative expenses have decreased by approximately HK$15.4 million or approximately 47.4% compared to the FY2019, from approximately HK$32.5 million to approximately HK$17.1 million. The decrease was primarily due to the recognition of one-off listing expenses of approximately HK$16.9 million during FY2019 while no such expenses were recognised during the Review Year.

Finance costs

The Group recorded finance costs of approximately HK$2.2 million (FY2019: approximately HK$1.8 million) for the Review Year, which was a 22.2% increase primarily due to the increased use of banking facilities during the Review Year.

Income tax expense

For the Review Year, the income tax expense has decreased by approximately HK$10.1 million or approximately 99.0% compared to the FY2019, from approximately HK$10.2 million to approximately HK$0.1 million. Such decrease was due to the decrease in revenue and gross profit for the Review Year as discussed above.

Net (loss)/profit

For the Review Year, the Group's net loss was approximately HK$8.0 million, whereas FY2019 attainted approximately HK$36.0 million of net profit. Such change was mainly due to the decrease in revenue as well as with the unexpected direct costs as discussed above.

Liquidity, Financial Resources and Capital Structure

During the Review Year, there has been no change in capital structure of the Group. As at 31 March 2020, the Company's issued capital was HK$4.8 million and the number of issued ordinary shares of the Company (the "**Shares**") was 480,000,000 Shares of HK$0.01 each.

As at 31 March 2020, the Group had total cash and cash equivalents and restricted cash of approximately HK$28.3 million (FY2019: approximately HK$53.5 million). The decrease was due to the aggregate net cash used in operation, investing and financing activities of approximately HK$25.2 million.

The Group's gearing ratio, calculated as total borrowings (including total interest-bearing liabilities and amount due to a director) divided by the total equity, increased from approximately 11.7% as at 31 March 2019 to approximately 29.3% as at 31 March 2020. The increase was primarily due to increase in bank borrowings during the Review Year.

Treasury Policy

The Group has adopted a prudent financial management approach towards it 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.

Principal Risks and Uncertainties

Our Directors are aware that our Group is exposed to various risks and uncertainties. The following are the key risks and uncertainties faced by our Group:

Industry Risks

Some of our competitors may have more resources, longer operating histories, stronger relationship with customers and reputable brand names and therefore we may face competition from other existing and/or new contractors in the tender process for fitting-out projects. Due to the large number of competitors, we may face significant downward pricing pressure thereby reducing our profit margins. If we cannot adapt effectively to market conditions and customer preferences or otherwise fail to provide a competitive bid as compared to our competitors, our services may not be attractive to customers and our business may be materially and adversely affected. Our competitors may also adopt aggressive pricing policies or develop relationships with our customers in a manner that could significantly harm our ability to secure contracts. If we fail to maintain our competitiveness in the future, our business, financial condition and results of operation may be materially and adversely affected.

Compliance Risks

Many aspects of our business operation are governed by various laws and regulations and Government policies. There is no assurance that we will be able to respond to any such changes in a timely manner. Such changes may also increase our costs and burden in complying with them, which may materially and adversely affect our business, financial condition and results of operation. If there are any changes to and/or imposition of the requirements for qualification in the fitting-out industry in relation to environment protection and labour safety, and we fail to meet the new requirements in a timely manner or at all, our business operation will be materially and adversely affected. Our executive Directors would hold regular meetings to ensure our Group's operations in compliance with all applicable statutory requirements.

Uncertainties in Work Progress

We rely on the due and timely performance of our subcontractors for timely delivery of our works. If our subcontractors' performance is not up to standard, we may not be able to rectify the substandard works or engage another subcontractor in time or at all. We may also not be able to replace materials of inferior quality procured by our subcontractors in time or at all or unless at extra costs. Any material non-performance, delayed performance or substandard performance of our subcontractors could result in deterioration of our service quality or unexpected delays in our scheduled completion time or even our ability to complete our projects, which could in turn damage our reputation, and potentially expose us to liability under the main contracts with our customers.

Failure to Guarantee New Business

Our revenue is typically derived from projects which are non-recurring in nature and our customers are under no obligation to award projects to us. During the Review Year, we secured new businesses mainly through direct invitation for quotation or tender by customers. However, we were adversely affected by a range of social uncertainties, such as Hong Kong's social unrest to the COVID-19 epidemic during the Review Year. We cannot assure you that (i) we will be invited to provide quotations or participate in the tendering process for new projects; and (ii) our submitted quotations and tenders will be selected by customers. Accordingly, the number and scale of projects and the amount of revenue we are able to derive therefrom may vary significantly from period to period, and it may be difficult to forecast the volume of future business. In the event that we fail to secure new contracts or there is a significant decrease in the number of tender/quotation invitations or contracts available for bidding in the future, our business, financial position and prospects may materially and adversely affected.

Our Directors believe that the public listing status will enhance our corporate profile and brand awareness among business stakeholders such as customers, contractors, project owners and government authorities. We believe that the public listing status will strengthen our internal control and corporate governance practices, which in turn would bolster our customers' and suppliers' confidence in us and attract potential new customers, as well as quality suppliers and subcontractors. Customers would tend to give preference to contractors who have a public listing status with good reputation, transparent financial disclosures and regulatory supervision. Our Directors believe that we will be able to maintain our competitiveness among the market leaders and differentiate ourselves from other competitors which are private companies during the tendering process, thus enhancing our success rate in securing sizeable projects.

Pledge of Assets

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

Foreign Exchange Exposure

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

Capital Commitments and Contingent Liabilities

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

	2020	2019
	HK$'000	*HK$'000*
Property, plant and equipment	**184**	709

The Group had no material contingent liabilities as at 31 March 2020 (31 March 2019: Nil).

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

During the Review Year, the Group did not have any significant investment held, any material acquisitions or disposals of subsidiaries or associated companies.

Future Plans for Material Investments or Capital Assets

Save as disclosed under the section headed "Future Plans and Use of Proceeds" in the prospectus of the Company dated 13 December 2018 (the "**Prospectus**"), the Group did not have other future plans for material investments or capital assets during the Review Year.

Use of Proceeds

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

Intended use of net proceeds	Actual amount of net proceeds	Utilised amount of net proceeds up to 31 March 2020	Unutilised amount of net proceeds as at 31 March 2020
	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	12,506	19,857
General working capital	1,877	1,877	–
Total	89,400	61,325	28,075

As at 31 March 2020 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. For the Group's long term business development and a more appropriate utilisation of the unutilised proceeds, the Board resolved to change the use of unutilised proceeds as at 24 June 2020. For details, please refer to the announcement of change in use of proceeds of the Company dated 24 June 2020.

Employees and Remuneration Policy

As at 31 March 2020, the Group employed a total of 73 full-time employees (including three executive Directors but excluding three independent non-executive Directors) as compared to a total of 90 full-time employees as at 31 March 2019. The remuneration packages that the Group offers to employees including 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 Review Year was approximately HK$42.1 million compared to approximately HK$43.4 million in FY2019.

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.

Dividends

The Board has resolved not to declare any dividend for the Review Year (FY2019: HKD8.00 cents per ordinary Share).

Closure of Register of Members

The register of members of the Company will be closed from Wednesday, 26 August 2020 to Monday, 31 August 2020, both dates inclusive, during which period no transfer of Shares will be registered. In order to qualify for attending and voting at the forthcoming annual general meeting of the Company (the "**AGM**"), all transfer documents accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar, Boardroom Share Registrars (HK) Limited, at 2103B, 21/F, 148 Electric Road, North Point, Hong Kong, not later than 4:30 p.m. on Tuesday, 25 August 2020.

AGM

The AGM will be held at Unit 4608, 46/F, The Center, 99 Queen's Road Central, Central, Hong Kong on Monday, 31 August 2020. The notice of AGM will be published on the Company's website at www.yield-go.com and the website of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") at www.hkexnews.hk and dispatched to shareholders of the Company and available on the same websites in due course.

CORPORATE GOVERNANCE CODE/OTHER INFORMATION

Compliance with the Corporate Governance Code

The Company has adopted the corporate governance code (the "**CG Code**") contained in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**"). The Company has complied with all the code provisions set out in the CG Code during the Review Year.

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 Review Year and up to the date of this announcement.

Share Option Scheme

The Company has adopted a share option scheme (the "**Share Option Scheme**") on 6 December 2018. The principal terms of the Share Option Scheme are summarised in Appendix IV to the Prospectus. The purpose of the Share Option Scheme is to (i) motivate eligible participants to optimise their performance efficiency for the benefit of the Group; and (ii) attract and retain or otherwise maintain an ongoing business relationship with the eligible participants whose contributions are or will be beneficial to the long-term growth of the Group. The maximum number of Shares in respect of which share options may be granted under the Share Option Scheme and any other share option schemes shall not, in aggregate, exceed 48,000,000 Shares, 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 31 March 2020.

Competing Interests

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

Purchase, Sale or Redemption of the Company's Securities

During the Review Year, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's securities.

Event after the Review Year

The outbreak of COVID-19 epidemic since early 2020 has posed a tremendous challenge to the overall global economy. The Group has been closely monitoring the impact of the development of COVID-19 epidemic on the Group's businesses and services to customers. There may be adverse effect on the subsequent financial performance, depending on the development of COVID-19 epidemic and its impact on the economic conditions. The Group will closely monitor the situation and, to the extent applicable, taking proactive actions to minimise the impact of COVID-19 epidemic.

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 Review Year and up to the date of this announcement.

Audit Committee Review

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

The Group's consolidated financial statements for the Review Year have been reviewed and approved by the Audit Committee. The Audit Committee was of the opinion that the preparation of such results complied with the applicable accounting standards and requirements as well as the Listing Rules and that adequate disclosures have been made.

Scope of work of Grant Thornton Hong Kong Limited

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

Publication of Final Results and Annual Report

This results announcement is published on the Company's website at www.yield-go.com and the website of the Stock Exchange at www.hkexnews.hk. The 2020 annual report for the Review Year 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, 24 June 2020

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.