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## **Yuk Wing Group Holdings Limited**

### **煜榮集團控股有限公司**

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

**(Stock Code: 1536)**

## **ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2022**

The board (the “**Board**”) of directors (the “**Director(s)**”) of Yuk Wing Group Holdings Limited (the “**Company**”) is pleased to announce the unaudited consolidated interim results of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the six months ended 30 September 2022 (the “**Reporting Period**”) together with the comparative figures for the corresponding period in 2021 as follows:

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

*For the six months ended 30 September 2022*

		<b>Six months ended 30 September</b>	
	<i>Notes</i>	<b>2022</b>	2021
		<b>HK\$’000</b>	HK\$’000
		<b>(Unaudited)</b>	(Unaudited)
Revenue	3	<b>88,409</b>	81,088
Cost of sales		<b>(64,171)</b>	(63,097)
		<hr/>	<hr/>
Gross profit		<b>24,238</b>	17,991
Other income		<b>3,006</b>	735
Impairment losses on trade receivables under expected credit loss model, net		<b>(973)</b>	(690)
Other gains and losses	4	<b>(3,615)</b>	523
Selling and distribution expenses		<b>(5,504)</b>	(4,159)
Administrative expenses		<b>(17,023)</b>	(14,370)
Finance costs	5	<b>(679)</b>	(500)
		<hr/>	<hr/>
Loss before tax	6	<b>(550)</b>	(470)
Income tax credit/(expense)	7	<b>3,525</b>	(190)
		<hr/>	<hr/>
Profit/(loss) for the period		<b>2,975</b>	(660)
		<hr/> <hr/>	<hr/> <hr/>

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

*For the six months ended 30 September 2022*

		<b>Six months ended</b>	
		<b>30 September</b>	
		<b>2022</b>	<b>2021</b>
	<i>Note</i>	<b>HK\$'000</b>	<b>HK\$'000</b>
		<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>Other comprehensive (expense)/income for the period:</b>			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange differences arising on translation of foreign operations		<u>(8,432)</u>	<u>134</u>
<b>Total comprehensive expense for the period</b>		<u><b>(5,457)</b></u>	<u><b>(526)</b></u>
<b>Profit/(loss) for the period attributable to:</b>			
Owners of the Company		2,368	594
Non-controlling interests		<u>607</u>	<u>(1,254)</u>
		<u><b>2,975</b></u>	<u><b>(660)</b></u>
<b>Total comprehensive (expense)/income for the period attributable to:</b>			
Owners of the Company		(3,148)	390
Non-controlling interests		<u>(2,309)</u>	<u>(916)</u>
		<u><b>(5,457)</b></u>	<u><b>(526)</b></u>
Earnings per share, basic (HK cents)	9	<u><b>0.62</b></u>	<u><b>0.16</b></u>

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2022

	<i>Notes</i>	At 30 September 2022 <i>HK\$'000</i> (Unaudited)	At 31 March 2022 <i>HK\$'000</i> (Audited)
Non-current assets			
Property, plant and equipment		5,822	6,711
Right-of-use assets		10,534	11,587
Deposits placed at an insurance company		4,835	4,788
Deferred tax assets		2,968	2,416
		<b>24,159</b>	25,502
Current assets			
Inventories		72,438	55,740
Trade and other receivables	10	62,284	59,971
Financial assets at fair value through profit or loss		20,209	25,034
Tax recoverable		372	1,900
Bank balances and cash		78,572	64,649
		<b>233,875</b>	207,294
Current liabilities			
Trade and other payables	11	15,022	8,953
Contract liabilities		15,914	487
Lease liabilities		2,042	2,001
Tax payable		294	4,009
Bank and other borrowings		33,870	20,000
		<b>67,142</b>	35,450
Net current assets		<b>166,733</b>	171,844
Total assets less current liabilities		<b>190,892</b>	197,346
Non-current liabilities			
Deferred tax liabilities		160	126
Lease liabilities		9,884	10,915
		<b>10,044</b>	11,041
		<b>180,848</b>	186,305
Capital and reserves			
Share capital		38,000	38,000
Reserves		108,182	111,330
Equity attributable to owners of the Company		<b>146,182</b>	149,330
Non-controlling interests		34,666	36,975
		<b>180,848</b>	186,305

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

*For the six months ended 30 September 2022*

## 1. GENERAL AND BASIS OF PREPARATION

Yuk Wing Group Holdings Limited was incorporated and registered as an exempted company with limited liability in the Cayman Islands under the Companies Law Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The shares of the Company are listed on The Stock Exchange of Hong Kong Limited.

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

## 2. PRINCIPAL ACCOUNTING POLICIES

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

Other than additional accounting policies resulting from application of amendments to Hong Kong Financial Reporting Standards (“HKFRSs”), the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 September 2022 are the same as those presented in the Group’s annual financial statements for the year ended 31 March 2022.

### **Application of amendments to HKFRSs**

In the current interim period, the Group has applied the following amendments to HKFRSs issued by the HKICPA, for the first time, which are mandatorily effective for the annual period beginning on or after 1 April 2022 for the preparation of the Group’s condensed consolidated financial statements:

Amendment to HKAS 16	Property, Plant and Equipment — Proceeds Before Intended Use
Amendments to HKAS 37	Onerous Contracts — Cost of Fulfilling a Contract
Amendments to HKFRS 3	Reference to the Conceptual Framework
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018–2020

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

### 3. REVENUE AND SEGMENT INFORMATION

The Group is principally engaged in (i) manufacturing and trading of down-the-hole (“DTH”) rockdrilling tools; (ii) trading of piling and drilling machineries; and (iii) trading of rockdrilling equipment.

#### Disaggregation of revenue

An analysis of the Group’s revenue from contracts with customers is as follows:

	Six months ended	
	30 September	
	2022	2021
	HK\$’000	HK\$’000
	(Unaudited)	(Unaudited)
Recognised at a point in time:		
Manufacturing and trading of DTH rockdrilling tools	82,937	67,876
Trading of piling and drilling machineries	1,005	4,440
Trading of rockdrilling equipment	4,467	8,772
	<u>88,409</u>	<u>81,088</u>

#### Performance obligations for contracts with customers

All of the Group’s revenue is recognised when the control of goods is transferred, being when the goods are delivered to the customer’s specific location. A receivable is recognised by the Group when the goods are delivered to the customer’s premises as this represents the point in time at which the right to consideration becomes unconditional, as only the passage of time is required before payment is due. The normal credit term is 0 to 90 days upon delivery. The customers have neither rights of return nor rights to defer or avoid payment for the goods once they are accepted by the customers upon receipt of goods. The contracts signed with the customers are short-term and fixed price contracts.

Information reported to the executive directors of the Company, being the chief operating decision maker (the “CODM”), for the purposes of resource allocation and assessment of segment performance focuses on the types of products sold. The Group’s operating segments are classified as (i) manufacturing and trading of DTH rockdrilling tools; (ii) trading of piling and drilling machineries; and (iii) trading of rockdrilling equipment.

These operating segments also represent the Group’s reportable segments. No operating segments identified by the CODM have been aggregated in arriving at the reportable segments of the Group.

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

**For the six months ended 30 September 2022**

	Manufacturing and trading of DTH rockdrilling tools <i>HK\$'000</i> (Unaudited)	Trading of piling and drilling machineries <i>HK\$'000</i> (Unaudited)	Trading of rockdrilling equipment <i>HK\$'000</i> (Unaudited)	Total <i>HK\$'000</i> (Unaudited)
<b>SEGMENT REVENUE</b>				
External sales	82,937	1,005	4,467	88,409
<b>RESULTS</b>				
Segment results	23,315	(180)	1,103	24,238
Unallocated expenses				(22,527)
Other income				3,006
Impairment losses on trade receivables under expected credit loss ("ECL") model, net				(973)
Other gains and losses				(3,615)
Finance costs				(679)
Loss before tax				<u>(550)</u>

**For the six months ended 30 September 2021**

	Manufacturing and trading of DTH rockdrilling tools <i>HK\$'000</i> (Unaudited)	Trading of piling and drilling machineries <i>HK\$'000</i> (Unaudited)	Trading of rockdrilling equipment <i>HK\$'000</i> (Unaudited)	Total <i>HK\$'000</i> (Unaudited)
<b>SEGMENT REVENUE</b>				
External sales	67,876	4,440	8,772	81,088
<b>RESULTS</b>				
Segment results	16,214	303	1,474	17,991
Unallocated expenses				(18,529)
Other income				735
Impairment losses on trade receivables under expected credit loss ("ECL") model, net				(690)
Other gains and losses				523
Finance costs				(500)
Loss before tax				<u>(470)</u>

The accounting policies of the operating segments are the same as the Group’s accounting policies. Segment results represent the profit or loss of each segment without allocation of unallocated expenses (including selling and distribution expenses and administrative expenses), other income, impairment losses on trade receivables under ECL model, net, other gains and losses and finance costs. This is the measure reported to the CODM of the Group for the purposes of resource allocation and performance assessment.

No analysis of segment assets or segment liabilities is presented as they are not regularly provided to the CODM of the Group.

### Geographical information

The following table sets out information about the Group’s revenue from external customers by the location of customers:

	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2022</b>	2021
	<b>HK\$’000</b>	HK\$’000
	<b>(Unaudited)</b>	(Unaudited)
Hong Kong	<b>84,373</b>	74,165
Finland	<b>2,630</b>	160
Macau	<b>807</b>	6,021
Others	<b>599</b>	742
	<b>88,409</b>	81,088

#### 4. OTHER GAINS AND LOSSES

	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2022</b>	2021
	<b>HK\$’000</b>	HK\$’000
	<b>(Unaudited)</b>	(Unaudited)
Other gains and losses include the following:		
Net foreign exchange gain	<b>1,188</b>	233
Loss on fair value changes of financial assets at fair value through profit or loss (“FVTPL”)	<b>(4,825)</b>	–
Gain/(loss) on disposal of property, plant and equipment	<b>22</b>	(15)
Reversal of write-down of inventories	<b>–</b>	305
	<b>(3,615)</b>	523

## 5. FINANCE COSTS

	Six months ended 30 September	
	2022	2021
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Interest on bank and other borrowings	425	207
Interest on lease liabilities	254	293
	<u>679</u>	<u>500</u>

## 6. LOSS BEFORE TAX

	Six months ended 30 September	
	2022	2021
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Loss before tax has been arrived at after charging:		
Depreciation of property, plant and equipment	1,007	1,053
Capitalised in cost of inventories manufactured	(348)	(446)
	<u>659</u>	<u>607</u>
Depreciation of right-of-use assets	1,053	1,053
Capitalised in cost of inventories manufactured	(738)	(738)
	<u>315</u>	<u>315</u>
Cost of inventories recognised as expense	64,171	63,097
Expense relating to short-term leases	1,027	1,294
	<u>65,198</u>	<u>64,391</u>

## 7. INCOME TAX CREDIT/(EXPENSE)

	Six months ended 30 September	
	2022	2021
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
The credit/(charge) comprises:		
Current tax		
Hong Kong	(394)	(461)
The People's Republic of China (the "PRC") Enterprise Income Tax	(358)	(105)
	<u>(752)</u>	<u>(566)</u>
Over-provision in prior years:		
Hong Kong	<u>3,759</u>	<u>–</u>
	<u>3,007</u>	<u>(566)</u>
Deferred tax credit	<u>518</u>	<u>376</u>
	<u><u>3,525</u></u>	<u><u>(190)</u></u>

The provision for Hong Kong Profits Tax is calculated by applying the estimated annual effective tax rate of 16.5% (six months ended 30 September 2021: 16.5%) to the current interim period, except for one subsidiary of the group which is a qualifying corporation under the two-tiered Profits Tax rate regime. For this subsidiary, the first HK\$2 million of assessable profit is taxed at 8.25% and the remaining assessable profit is taxed at 16.5%. The provision for Hong Kong Profits Tax for this subsidiary was calculated at the same basis in the prior interim period.

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the PRC Enterprise Income Tax is calculated at 25% of the assessable profit for the subsidiary established in the PRC for both periods.

## 8. DIVIDENDS

The board of directors of the Company does not recommend the payment of an interim dividend for the six months ended 30 September 2022 (six months ended 30 September 2021: nil).

## 9. EARNINGS PER SHARE

	Six months ended 30 September	
	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Earnings:		
Earnings for the purpose of calculating basic earnings per share:		
Profit for the period attributable to owners of the Company	<u>2,368</u>	<u>594</u>
	<i>'000</i>	<i>'000</i>
Number of shares:		
Number of ordinary shares for the purpose of calculating basic earnings per share	<u>380,000</u>	<u>380,000</u>

No diluted earnings per share is presented since there were no potential ordinary shares in issue during both periods.

## 10. TRADE AND OTHER RECEIVABLES

The Group grants a credit period ranged from 0 to 90 days upon delivery of goods to its customers. The following is an aged analysis of trade receivables based on dates of goods delivered, net of impairment losses, at the end of the reporting period:

	At 30 September 2022 <i>HK\$'000</i> (Unaudited)	At 31 March 2022 <i>HK\$'000</i> (Audited)
0 to 30 days	9,246	10,138
31 to 60 days	6,950	3,710
61 to 90 days	4,180	4,509
91 to 180 days	7,234	8,738
181 to 365 days	11,673	5,917
Over 365 days	<u>8,951</u>	<u>6,584</u>
	<u>48,234</u>	<u>39,596</u>

The Group rebutted the presumption of default under ECL model for trade receivables over 90 days past due based on the good repayment records for those customers and continuous business with the Group.

## 11. TRADE AND OTHER PAYABLES

The following is an aged analysis of trade payables based on the invoice dates:

	<b>At 30 September 2022 <i>HK\$'000</i> (Unaudited)</b>	<b>At 31 March 2022 <i>HK\$'000</i> (Audited)</b>
0 to 30 days	<b>3,041</b>	3,554
31 to 60 days	<b>2,355</b>	357
61 to 90 days	<b>455</b>	–
91 to 180 days	<b>5,974</b>	–
	<b><u>11,825</u></b>	<b><u>3,911</u></b>

## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW

The Group is principally engaged in the manufacturing and trading of DTH rockdrilling tools, trading of piling and drilling machineries and rockdrilling equipment.

During the Reporting Period, the market environment in Hong Kong has improved due to the increase in timeliness of approval of public works budgets by the Finance Committee (the “**Finance Committee**”) of the Legislative Council of Hong Kong (the “**LegCo**”), leading to more construction projects available in the Hong Kong market. The revenue generated from our international customers has increased during the Reporting Period, particularly for the Finland region. There has been a decrease in business activities in the Macau market, which has led to a decrease in contribution to revenue during the Reporting Period. Gross profit and gross profit margin have increased due to the improvement in the Hong Kong market. As a result, our Group’s revenue increased as our local and international customers have increased their purchases for our products, gross profit margin has improved, resulted in a profit position during the Reporting Period.

Hong Kong continues to be the Group’s major market, where the revenue generated from Hong Kong contributed to approximately HK\$84.4 million for the Reporting Period (six months ended 30 September 2021: approximately HK\$74.2 million), or approximately 95.4% of the total revenue during the Reporting Period (six months ended 30 September 2021: approximately 91.5%). The business activities in Macau have decreased, where the revenue generated from Macau contributed to approximately HK\$0.8 million for the Reporting Period (six months ended 30 September 2021: approximately HK\$6.0 million), or approximately 0.9% of the total revenue during the Reporting Period (six months ended 30 September 2021: approximately 7.4%). Business activities in the Finland region has increased, where the revenue generated from the Finland region contributed to approximately HK\$2.6 million for the Reporting Period (six months ended 30 September 2021: approximately HK\$0.2 million), or approximately 3.0% of the total revenue during the Reporting Period (six months ended 30 September 2021: approximately 0.2%).

#### **Manufacturing and Trading of DTH Rockdrilling Tools**

The Group is principally engaged in the manufacturing and trading of DTH rockdrilling tools. Our self-designed and manufactured DTH rockdrilling tools can be categorised into the following main categories, namely DTH hammers, casing systems (comprising driver bits and casing bits), and other miscellaneous products including button bits and bit openers, as well as our newly developed products, drill pipes, cluster drills and casing tubes. Revenue from the manufacturing and trading of DTH rockdrilling tools contributed to approximately 93.8% of the total revenue during the Reporting Period (six months ended 30 September 2021: approximately 83.7%).

## **Trading of Piling and Drilling Machineries and Rockdrilling Equipment**

The Group is also engaged in the trading of piling and drilling machineries and rockdrilling equipment to our customers as part of our technical rockdrilling solutions. Revenue from the trading of piling and drilling machineries and rockdrilling equipment, contributed to approximately 1.1% of total revenue during the Reporting Period (six months ended 30 September 2021: approximately 5.4%) and approximately 5.1% of the total revenue during the Reporting Period (six months ended 30 September 2021: approximately 10.9%), respectively.

## **FINANCIAL REVIEW**

### **Revenue**

The Group's revenue increased by approximately HK\$7.3 million, or 9.0%, to approximately HK\$88.4 million for the Reporting Period, from approximately HK\$81.1 million for the six months ended 30 September 2021, primarily due to the improvement in business environment in Hong Kong during the Reporting Period, leading to a relatively higher level of construction activities and available projects when compared with the six months ended 30 September 2021, resulting in a higher than expected demand for our products.

### **Gross Profit and Gross Profit Margin**

The Group's gross profit increased by approximately HK\$6.2 million, or 34.7%, to approximately HK\$24.2 million for the Reporting Period, from approximately HK\$18.0 million for the six months ended 30 September 2021, primarily attributable to the general increase in selling price of products to our customers due to the improvement in market conditions in the Hong Kong market.

Gross profit margin increased to approximately 27.4% for the Reporting Period, from approximately 22.2% for the six months ended 30 September 2021. This is mainly attributable to the higher gross profit margins contributed by the manufacturing and trading of DTH rockdrilling tools and trading of rockdrilling equipment segments as a result of the increase in selling price of our products due to improvement in market conditions in the Hong Kong market, and the depreciation in Renminbi as a majority of our purchases are made in Renminbi.

### **Selling and Distribution Expenses**

The Group's selling and distribution expenses increased by approximately HK\$1.3 million, or 32.3%, to approximately HK\$5.5 million for the Reporting Period, from approximately HK\$4.2 million for the six months ended 30 September 2021, mainly due to the increase in declaration charges and freight, transportation and storage costs as a result of the increase in business activities during the Reporting Period.

## **Administrative Expenses**

The Group's administrative expenses increased by approximately HK\$2.7 million, or 18.5%, to approximately HK\$17.0 million for the Reporting Period, from approximately HK\$14.4 million for the six months ended 30 September 2021, primarily due to the increase in staff related expenses during the Reporting Period.

## **Net Profit/(Loss)**

The Group recorded a net profit of approximately HK\$3.0 million (six months ended 30 September 2021: net loss of approximately HK\$0.7 million) for the Reporting Period. Such turnaround from net loss to net profit was mainly attributable to the increase in revenue and gross profit margins during the Reporting Period as explained above, together with the tax credit as a result of over-provision of Hong Kong tax in prior years, set off with the effects of the increase in the loss on fair value changes of financial assets at fair value through profit or loss, freight, transportation and storage costs and staff related expenses during the Reporting Period.

## **PROSPECTS**

During the Reporting Period, the Group continued to develop its various business and geographical segments. In Hong Kong, there has been continued improvement in the progress of the approval of budgets of public works projects by the Finance Committee.

At the international level, the governments are relaxing restrictions to the gathering of people, travelling and operations of businesses.

It is anticipated that the progress of budget approval and administration of public works projects will continue to improve for the remainder of the year, subject to the COVID-19 pandemic situation. If the COVID-19 situation worsens in Hong Kong, there is a possibility that the progress of budget approval will be delayed due to the cancellation of LegCo meetings and suspension of government public services related to the administration of the public works projects. Internationally, restrictions on people, travelling and businesses are expected to relax, dependent upon the COVID-19 pandemic situations.

Overall, the Group is cautiously positive towards the future of the construction market and the business of the Group in Hong Kong and internationally, and will continue its efforts to capture business opportunities in Hong Kong, Macau and the overseas markets.

## **LIQUIDITY AND FINANCIAL RESOURCES**

As at 30 September 2022, the Group's total cash and cash equivalents amounted to approximately HK\$78.6 million of which approximately 96.0%, 2.4%, 1.4% and 0.2% of the cash and cash equivalents were denominated in Hong Kong dollar, Renminbi, Euro and United States dollar, respectively (31 March 2022: approximately HK\$64.6 million of which approximately 66.2%, 29.6%, 3.2% and 1.0% of the cash and cash equivalents were denominated in Hong Kong dollar, Renminbi, United States dollar and Euro respectively).

As at 30 September 2022, the Group's bank borrowing of approximately HK\$13.9 million had variable interest rates and was repayable within one year, which is guaranteed by the Group. The Group had no bank borrowings as at 31 March 2022. As at 30 September 2022, the Group's other borrowing of approximately HK\$20.0 million (31 March 2022: approximately HK\$20.0 million) had fixed interest rate of 1.0% (31 March 2022: 1.0%) per annum and was repayable within one year, which was unsecured. As at 30 September 2022 and 31 March 2022, the Group's bank and other borrowings were denominated in Hong Kong dollar.

The gearing ratio of the Group as at 30 September 2022 (defined as the Group's total interest-bearing liabilities divided by the Group's total equity) was approximately 25.3% (31 March 2022: approximately 17.7%). The increase in gearing ratio was mainly due to the increase in bank borrowings during the Reporting Period.

## **CAPITAL STRUCTURE**

As at 30 September 2022, the Company's issued share capital was HK\$38,000,000 and the number of its issued ordinary shares was 380,000,000 of HK\$0.1 each.

There has been no change in the capital structure of the Group during the six months ended 30 September 2021, the six months ended 30 September 2022 and up to the date of this announcement.

## **CHARGE ON GROUP ASSETS**

As at 30 September 2022, deposits placed at an insurance company amounting to approximately HK\$4.8 million were pledged to secure general banking facilities granted to the Group.

## **CASH FLOW MANAGEMENT AND LIQUIDITY RISK**

The Group's objective regarding cash flow management is to maintain a balance between continuity of funding and flexibility through a combination of internal resources, bank borrowings, and other debt or equity securities, as appropriate. The Group is comfortable with the present financial and liquidity position, and will continue to maintain a reasonable liquidity buffer to ensure sufficient funds are available to meet liquidity requirements at all times.

## **CONTINGENT LIABILITIES**

The Group did not have any material contingent liability as at 30 September 2022.

## **CAPITAL COMMITMENTS**

As at 30 September 2021 and 2022, the Group had no capital commitments.

## **SEGMENT INFORMATION**

Details of segment information of the Group for the six months ended 30 September 2022 are set out in note 3 to the condensed consolidated financial statements.

## **SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITIONS AND DISPOSALS**

Save as disclosed in this announcement, there has been no significant investment, material acquisition or disposal of subsidiaries and associated companies by the Company during the Reporting Period.

## **PURCHASE, SALE AND REDEMPTION OF THE LISTED SECURITIES OF THE COMPANY**

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the Reporting Period.

## **FOREIGN EXCHANGE RISK**

Our Group's operations are mainly in Hong Kong and the PRC, and most of the operating transactions, revenue, expenses, monetary assets and liabilities are denominated in Hong Kong dollars and Renminbi. As such, the Directors are of the view that the Group's risk in foreign exchange is insignificant and that the Group should have sufficient resources to meet foreign exchange requirements as and if it arises. The Group has not engaged in any derivative to hedge its exposure to foreign exchange risk.

## **EVENTS AFTER THE REPORTING PERIOD**

Save as mentioned elsewhere in this announcement, there were no significant events subsequent to 30 September 2022 which would materially affect the Group's operating and financial performance as of the date of this announcement.

## EMPLOYEES AND REMUNERATION POLICIES

As at 30 September 2022, the Group had 82 employees (30 September 2021: 89 employees) in Hong Kong and the PRC. The Group's remuneration policy is reviewed periodically and determined by reference to market terms, company performance, and individual qualifications and performance. Other staff benefits include bonuses awarded on discretionary basis, mandatory provident fund scheme for Hong Kong employees, and state-sponsored retirement plans for PRC employees. The Group also offers a variety of training schemes to its employees.

## USE OF PROCEEDS FROM THE PUBLIC OFFER

The net proceeds from the public offer received by the Company, after deduction of the underwriting commissions and other related listing expenses payable by the Company in the public offer, were approximately HK\$88.3 million.

As disclosed in the Company's announcement dated 22 June 2022, the Board has resolved to re-allocate the unutilised net proceeds of approximately HK\$8.0 million to provide funding for our working capital and other general corporate purposes (the "Change in UOP").

The Company had utilised all the net proceeds of approximately HK\$88.3 million and there are no unutilised net proceeds as at 30 September 2022.

The table below sets out the utilisation of the net proceeds up to 30 September 2022:

Use of net proceeds	Estimated	Actual Net	Adjusted	Used	Unused
	Net Proceeds		net proceeds	amounts	amounts
	as per the	Proceeds	after Change	as at	as at
	Prospectus		in UOP	30 September	30 September
	HK\$' million	HK\$' million	HK\$' million	2022	2022
				HK\$' million	HK\$' million
Investing in new manufacturing facility	48.0	50.4	50.4	50.4	–
Research and development	3.9	4.4	4.4	4.4	–
Participation in overseas exhibition and promotions	9.6	9.7	5.1	5.1	–
Purchase of brand new drilling machineries	8.2	8.8	8.8	8.8	–
Increasing manpower in Hong Kong	3.8	4.4	3.3	3.3	–
Renting of new office for Hong Kong headquarters	3.2	3.5	1.2	1.2	–
Working capital and other general corporate purposes	6.9	7.1	15.1	15.1	–
	<u>83.6</u>	<u>88.3</u>	<u>88.3</u>	<u>88.3</u>	<u>–</u>

## **INTERIM DIVIDEND**

The Board does not recommend the distribution of an interim dividend for the Reporting Period.

## **COMPLIANCE OF THE CODE**

The Company focuses on maintaining a high standard of corporate governance for purposes of enhancing the value for its shareholders and protecting their interests. The Company has established the corporate governance structure in accordance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Corporate Governance Code (the “**Code**”) provided in Appendix 14 to the Listing Rules and has set up a series of corporate governance measures. The Company has adopted and complied with such provisions of the Code (the “**Code Provision(s)**”) as stated in the Code during the Reporting Period except for the Code Provision of C.2.1.

In accordance with Code Provision C.2.1, the roles of chairman and chief executive should be separated and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive should be clearly established and set out in writing. The Company currently does not have any officer with the title of chairman or chief executive. Notwithstanding the aforementioned, the Board will review the current structure from time to time and as and when appropriate if candidate with suitable leadership, knowledge, skills and experience is identified, the Company may make the necessary modification to the management structure.

The Board will examine and review, from time to time, the Company’s corporate governance practices and operations in order to meet the relevant provisions under the Listing Rules and to protect the shareholders’ interests.

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

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as provided in Appendix 10 of the Listing Rules (the “**Model Code**”) as the Company’s code of conduct governing Directors’ securities transactions. Upon specific enquiry conducted by the Company, each of the existing Directors have confirmed that they have complied with the Model Code throughout the Reporting Period.

## REVIEW OF FINANCIAL STATEMENTS

The Group's unaudited condensed consolidated financial statements for the six months ended 30 September 2022 have been reviewed by the external auditor of the Company in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity".

## AUDIT AND COMPLIANCE COMMITTEE

The Audit and Compliance Committee of the Company (the "**Audit and Compliance Committee**") has reviewed the unaudited condensed consolidated financial statements for the Reporting Period and considered that the Company has adopted applicable accounting policies and made adequate disclosures in relation to preparation of relevant results.

The Audit and Compliance Committee consists of three members, namely Mr. Yiu To Wa, Mr. Lau Leong Yuen and Ms. Lam Hoi Yu Nicki. All members of the Audit and Compliance Committee are Independent Non-executive Directors. Mr. Yiu To Wa is the chairman of the Audit and Compliance Committee.

By order of the Board  
**Yuk Wing Group Holdings Limited**  
**Chui Kwong Kau**  
*Executive Director*

Hong Kong, 23 November 2022

*As at the date of this announcement, the executive Directors are Mr. Chui Kwong Kau and Ms. Li Kai Lai Miranda, and the independent non-executive Directors are Ms. Lam Hoi Yu Nicki, Mr. Lau Leong Yuen and Mr. Yiu To Wa.*

*In the case of any inconsistency, the English text of this announcement shall prevail over the Chinese text.*