

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*

## **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 ANNUAL RESULTS FOR THE YEAR ENDED 31 MARCH 2023**

The board (the “**Board**”) of directors (the “**Director(s)**”) of Yuk Wing Group Holdings Limited (the “**Company**”) is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the year ended 31 March 2023 (the “**Year**”) together with the comparative and audited figures for the year ended 31 March 2022 as follows:

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

*For the year ended 31 March 2023*

	<i>Notes</i>	<b>2023</b> <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Revenue	3	<b>157,048</b>	141,748
Cost of sales		<b>(113,630)</b>	(102,147)
Gross profit		<b>43,418</b>	39,601
Other income		<b>4,253</b>	1,724
Impairment losses under expected credit loss model, net		<b>(4,307)</b>	(762)
Other gains and losses		<b>450</b>	2,439
Selling and distribution expenses		<b>(9,523)</b>	(7,447)
Administrative expenses		<b>(39,772)</b>	(35,797)
Finance costs		<b>(1,035)</b>	(873)
Loss before tax	4	<b>(6,516)</b>	(1,115)
Taxation credit (charge)	5	<b>2,940</b>	(360)
Loss for the year		<b>(3,576)</b>	(1,475)
<b>Loss for the year attributable to:</b>			
Owners of the Company		<b>(3,504)</b>	(454)
Non-controlling interests		<b>(72)</b>	(1,021)
		<b>(3,576)</b>	(1,475)
Loss per share, basic ( <i>HK cents</i> )	6	<b>(0.92)</b>	(0.12)

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

*For the year ended 31 March 2023*

	<b>2023</b> <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Loss for the year	<u>(3,576)</u>	<u>(1,475)</u>
<b>Other comprehensive (expense) income for the year</b>		
<i>Item that may be reclassified subsequently to profit or loss:</i>		
Exchange differences arising on translation of foreign operations	<u>(4,860)</u>	<u>1,794</u>
Total comprehensive (expense) income for the year	<u><u>(8,436)</u></u>	<u><u>319</u></u>
<b>Total comprehensive (expense) income for the year attributable to:</b>		
Owners of the Company	<u>(6,617)</u>	461
Non-controlling interests	<u>(1,819)</u>	<u>(142)</u>
	<u><u>(8,436)</u></u>	<u><u>319</u></u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2023

	<i>Notes</i>	<b>2023</b> <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Non-current assets			
Property, plant and equipment		5,296	6,711
Right-of-use assets		10,254	11,587
Deposits placed at an insurance company		–	4,788
Deferred tax assets		2,416	2,416
		<b>17,966</b>	25,502
Current assets			
Inventories		56,471	55,740
Trade and other receivables	8	67,067	59,971
Financial assets at fair value through profit or loss		23,349	25,034
Tax recoverable		283	1,900
Bank balances and cash		65,969	64,649
		<b>213,139</b>	207,294
Current liabilities			
Trade and other payables	9	9,263	8,953
Contract liabilities		3,897	487
Lease liabilities		2,499	2,001
Tax payable		72	4,009
Bank and other borrowings		28,210	20,000
		<b>43,941</b>	35,450
Net current assets		<b>169,198</b>	171,844
Total assets less current liabilities		<b>187,164</b>	197,346
Non-current liabilities			
Deferred tax liabilities		102	126
Lease liabilities		9,193	10,915
		<b>9,295</b>	11,041
Net assets		<b>177,869</b>	186,305
Capital and reserves			
Share capital		38,000	38,000
Reserves		104,713	111,330
Equity attributable to owners of the Company		<b>142,713</b>	149,330
Non-controlling interests		<b>35,156</b>	36,975
Total equity		<b>177,869</b>	186,305

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 1. GENERAL INFORMATION

The Company 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 “**Stock Exchange**”).

The registered office address of the Company is located at Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The principal place of business of the Company is located at Unit B, 13/F., Eton Building, 288 Des Voeux Road Central, Hong Kong. The Directors consider that the Company’s immediate and ultimate holding company is Colour Shine Investments Limited, a private limited company incorporated in the British Virgin Islands (the “**BVI**”).

The Company is an investment holding company. The Group are principally engaged in the manufacturing and trading of down-the-hole (“**DTH**”) rockdrilling tools and trading of piling and drilling machineries and rockdrilling equipment.

The consolidated financial statements are presented in Hong Kong Dollars (“**HK\$**”) which is also the functional currency of the Company.

## 2. APPLICATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“**HKFRSs**”)

### **Amendments to HKFRSs that are mandatorily effective for the current year**

In the current year, the Group has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) for the first time, which are mandatorily effective for the annual periods beginning on or after 1 April 2022 for the preparation of the consolidated financial statements:

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

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

### 3. REVENUE AND SEGMENT INFORMATION

#### Revenue

The Group is principally engaged in (i) manufacturing and trading of 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 is as follows:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Recognised at a point in time:		
Manufacturing and trading of DTH rockdrilling tools	146,569	116,345
Trading of piling and drilling machineries	–	10,032
Trading of rockdrilling equipment	10,479	15,371
	<u>157,048</u>	<u>141,748</u>

Disaggregation of revenue by geographical location is disclosed in geographical information below.

#### 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.

#### Transaction price allocated to the remaining performance obligation for contracts with customers

The transaction price allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 March 2023 and 2022 and the expected timing of recognising revenue are as follows:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Within one year	<u>64,092</u>	<u>45,289</u>

## Segment information

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 details of the Group’s operating segments are as follows:

- (i) Manufacturing and trading of DTH rockdrilling tools
- (ii) Trading of piling and drilling machineries
- (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.

## Segment revenue and results

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

### For the year ended 31 March 2023

	<b>Manufacturing and trading of DTH rockdrilling tools <i>HK\$’000</i></b>	<b>Trading of piling and drilling machineries <i>HK\$’000</i></b>	<b>Trading of rockdrilling equipment <i>HK\$’000</i></b>	<b>Total <i>HK\$’000</i></b>
Segment and external sales	<u>146,569</u>	<u>–</u>	<u>10,479</u>	<u>157,048</u>
Segment result	<u><u>41,220</u></u>	<u><u>–</u></u>	<u><u>2,198</u></u>	<u>43,418</u>
Unallocated expenses				(49,295)
Other income				4,253
Impairment losses under expected credit loss (“ECL”) model, net				(4,307)
Other gains and losses				450
Finance costs				<u>(1,035)</u>
Loss before tax				<u><u>(6,516)</u></u>

For the year ended 31 March 2022

	Manufacturing and trading of DTH rockdrilling tools <i>HK\$'000</i>	Trading of piling and drilling machineries <i>HK\$'000</i>	Trading of rockdrilling equipment <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment and external sales	<u>116,345</u>	<u>10,032</u>	<u>15,371</u>	<u>141,748</u>
Segment result	<u><u>35,070</u></u>	<u><u>1,482</u></u>	<u><u>3,049</u></u>	39,601
Unallocated expenses				(43,244)
Other income				1,724
Impairment losses under ECL model, net				(762)
Other gains and losses				2,439
Finance costs				<u>(873)</u>
Loss before tax				<u><u>(1,115)</u></u>

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment result represents the profit earned by each segment without allocation of unallocated expenses (including selling and distribution expenses and administrative expenses), other income, impairment losses 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.

#### **Segment assets and liabilities**

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

## Other segment information

For the year ended 31 March 2023

	<b>Manufacturing and trading of DTH rockdrilling tools HK\$'000</b>	<b>Trading of piling and drilling machineries HK\$'000</b>	<b>Trading of rockdrilling equipment HK\$'000</b>	<b>Total HK\$'000</b>
Amounts regularly provided to the CODM but not included in the measurement of segment result:				
Depreciation of property, plant and equipment	667	–	–	667
Depreciation of right-of-use assets	1,475	–	–	1,475
Reversal of write down of inventories	(360)	–	–	(360)
	<u>667</u>	<u>–</u>	<u>–</u>	<u>1,475</u>

For the year ended 31 March 2022

	<b>Manufacturing and trading of DTH rockdrilling tools HK\$'000</b>	<b>Trading of piling and drilling machineries HK\$'000</b>	<b>Trading of rockdrilling equipment HK\$'000</b>	<b>Total HK\$'000</b>
Amounts regularly provided to the CODM but not included in the measurement of segment result:				
Depreciation of property, plant and equipment	778	–	–	778
Depreciation of right-of-use assets	1,475	–	–	1,475
Reversal of write down of inventories	(441)	–	–	(441)
	<u>778</u>	<u>–</u>	<u>–</u>	<u>1,475</u>

## Geographical information

The following table sets out information about (i) the Group's revenue from external customers by the location of customers and (ii) the Group's non-current assets (excluded deferred tax assets) by location of assets.

	Revenue from external customers		Non-current assets	
	For the year ended 31 March		As at 31 March	
	2023	2022	2023	2022
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Hong Kong	149,450	128,918	1,747	1,551
Scandinavia	5,179	2,454	–	–
Macau	1,522	8,698	–	–
The People's Republic of China (the "PRC")	–	–	13,803	16,747
Others	897	1,678	–	–
	<u>157,048</u>	<u>141,748</u>	<u>15,550</u>	<u>18,298</u>

## Information about major customers

Revenue from major customers which accounted for 10% or more of the Group's revenue for each of the year are set out below:

	2023	2022
	HK\$'000	HK\$'000
Customer A (note (a))	35,518	N/A <sup>(c)</sup>
Customer B (note (b))	34,626	N/A <sup>(c)</sup>
Customer C (note (b))	16,319	N/A <sup>(c)</sup>
Customer D (note (b))	N/A <sup>(c)</sup>	28,673
Customer E (note (a))	N/A <sup>(c)</sup>	18,833

Notes:

- The revenue was derived from manufacturing and trading of DTH rockdrilling tools.
- The revenue was derived from manufacturing and trading of DTH rockdrilling tools and trading of rockdrilling equipment.
- Revenue from the customer is less than 10% of the total revenue of the Group for the year.

#### 4. LOSS BEFORE TAX

Loss before tax has been arrived at after charging:

	<b>2023</b>	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
Directors' remuneration	<b>600</b>	558
Other staff costs	<b>24,213</b>	21,383
Contributions to retirement benefit schemes	<b>1,628</b>	1,579
	<hr/>	<hr/>
Total staff costs	<b>26,441</b>	23,520
Capitalised in cost of inventories manufactured	<b>(4,744)</b>	(5,154)
	<hr/>	<hr/>
	<b>21,697</b>	18,366
	<hr/>	<hr/>
Depreciation of property, plant and equipment	<b>2,010</b>	2,037
Capitalised in cost of inventories manufactured	<b>(667)</b>	(778)
	<hr/>	<hr/>
	<b>1,343</b>	1,259
	<hr/>	<hr/>
Depreciation of right-of-use assets	<b>2,177</b>	2,107
Capitalised in cost of inventories manufactured	<b>(1,475)</b>	(1,475)
	<hr/>	<hr/>
	<b>702</b>	632
	<hr/>	<hr/>
Auditor's remuneration	<b>650</b>	800
Cost of inventories recognised as expense	<b>113,630</b>	102,147
	<hr/> <hr/>	<hr/> <hr/>

## 5. TAXATION CREDIT (CHARGE)

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Current tax:		
Hong Kong	(178)	(237)
PRC Enterprise Income Tax	(613)	(515)
	<u>(791)</u>	<u>(752)</u>
Over (under)-provision in prior years:		
Hong Kong	3,738	–
PRC Enterprise Income Tax	(31)	(56)
	<u>3,707</u>	<u>(56)</u>
Current tax credit (charge)	2,916	(808)
Deferred tax credit	24	448
	<u>2,940</u>	<u>(360)</u>

The Hong Kong Profits Tax of the qualifying group entity under the two-tiered profits tax rates regime is calculated at 8.25% on the first HK\$2 million of the estimated assessable profits and at 16.5% on the estimated assessable profits above HK\$2 million for both years. The Hong Kong Profits Tax of the group entities not qualifying for the regime is calculated at a flat rate of 16.5% of the estimated assessable profits.

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 profits for the subsidiary established in the PRC for both years.

## 6. LOSS PER SHARE

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Loss for the purpose of calculating basic loss per share:		
Loss for the year attributable to owners of the Company	<u>(3,504)</u>	<u>(454)</u>
	<i>'000</i>	<i>'000</i>
Number of shares:		
Number of ordinary shares for the purpose of calculating basic loss per share	<u>380,000</u>	<u>380,000</u>

No diluted loss per share for the years ended 31 March 2023 and 2022 was presented as there were no potential ordinary shares in issue during both years.

## 7. DIVIDENDS

No dividend was paid or proposed for ordinary shareholders of the Company during both years, nor has any dividend been proposed since the end of the reporting period.

## 8. TRADE AND OTHER RECEIVABLES

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

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
0 to 30 days	11,554	10,138
31 to 60 days	11,082	3,710
61 to 90 days	1,850	4,509
91 to 180 days	5,622	8,738
181 days to 1 year	8,081	5,917
Over 1 year	9,810	6,584
	<u>47,999</u>	<u>39,596</u>

## 9. TRADE AND OTHER PAYABLES

The credit period of trade payables granted by suppliers is from 30 to 90 days upon the issue of invoices.

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

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
0 to 30 days	4,248	3,554
31 to 60 days	1,039	357
181 to 365 days	120	—
	<u>5,407</u>	<u>3,911</u>

## 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 Year, the market environment in Hong Kong has improved due to the continuous improvement in the timeliness of approval of public works budgets by the Finance Committee (“**Finance Committee**”) of the Legislative Council of Hong Kong (“**LegCo**”), leading to more construction projects available in the Hong Kong market. At the international level, the revenue generated from the Scandinavia market has slightly increased during the Year as a result of the improvement of business conditions. As a result, this had a favourable contribution to our Group’s revenue as our local and international customers have increased their purchases of our products. There have been increases in fair value loss in financial assets at fair value through profit or loss of approximately HK\$1.7 million (2022: fair value gain of approximately HK\$1.6 million), and impairment loss of trade receivables of approximately HK\$4.3 million (2022: approximately HK\$0.8 million) during the Year. The effects as mentioned above have resulted in an increase in the loss position during the Year, where the loss for the Year is approximately HK\$3.6 million, as compared with the loss of approximately HK\$1.5 million for the year ended 31 March 2022.

Hong Kong remains to be the Group’s major market, where the revenue generated from Hong Kong contributed to approximately HK\$149.5 million for the Year (2022: approximately HK\$128.9 million), or approximately 95.2% of the total revenue during the Year (2022: approximately 90.9%).

The business in the Scandinavian region has improved, where the revenue generated from Scandinavia contributed to approximately HK\$5.2 million (2022: approximately HK\$2.5 million), or approximately 3.3% of the total revenue during the Year (2022: approximately 1.7%).

### **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 93.3% of the total revenue during the Year (2022: approximately 82.1%).

## **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. There are no revenue from the trading of piling and drilling machineries during the Year (2022: approximately 7.1% of total revenue), and revenue from trading of rockdrilling equipment contributed to approximately 6.7% of the total revenue during the Year (2022: approximately 10.8%).

## **FINANCIAL REVIEW**

### **Revenue**

Revenue for the Group has increased from approximately HK\$141.7 million for the year ended 31 March 2022 to approximately HK\$157.0 million for the year ended 31 March 2023, an increase of approximately HK\$15.3 million or 10.8%. The increase in revenue is primarily caused by the improvement in business environment in Hong Kong, leading to a higher level of construction works and projects available during the Year when compared with the year ended 31 March 2022, 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\$3.8 million, or 9.6%, to approximately HK\$43.4 million for the Year, from approximately HK\$39.6 million for the year ended 31 March 2022, primarily due to the increase in revenue as mentioned above. Gross profit margin was approximately 27.6% for the Year as compared to gross profit margin of approximately 27.9% for the year ended 31 March 2022.

### **Other gains and losses**

The Group recorded net other gains of approximately HK\$0.5 million for the Year as compared to the net other gains of approximately HK\$2.4 million for the year ended 31 March 2022. This was mainly attributable to the increase in fair value loss on financial assets at fair value through profit or loss for the Year.

*Fair value changes of financial assets at fair value through profit or loss and securities investment*

In March 2022, the Company acquired listed securities on the open markets at an aggregate consideration of approximately HK\$23.4 million. As at 31 March 2023, the fair value of the listed securities held by the Company amounted to approximately HK\$23.3 million (2022: approximately HK\$25.0 million). Dividend income of approximately HK\$1.1 million (2022: approximately HK\$0.2 million) were received from the investment of listed securities during the Year. Details of which in respect of the acquisition of listed securities are set out in the Company's announcement dated 8 March 2022 and 9 March 2022 respectively. Save as disclosed in this announcement, there was no other additional acquisition or disposal of listed securities during the Year.

The Group regularly monitors its investment performance and make appropriate investment decisions regularly. In addition, the Group would allocate part of its idle resources from time to time to purchase principal-guaranteed wealth management products to increase its overall return.

**Selling and Distribution Expenses**

The Group's selling and distribution expenses increased by approximately HK\$2.1 million, or 27.9%, to approximately HK\$9.5 million for the Year, from approximately HK\$7.4 million for the year ended 31 March 2022, mainly due to the increase in freight, transportation and storage costs as a result of the increase in revenue during the Year.

**Administrative Expenses**

The Group's administrative expenses increased by approximately HK\$4.0 million, or 11.1%, to approximately HK\$39.8 million for the Year, from approximately HK\$35.8 million for the year ended 31 March 2022, primarily due to the increase in staff costs during the Year.

**Net Loss**

The Group recorded a net loss of approximately HK\$3.6 million for the Year as compared to the net loss of approximately HK\$1.5 million for the year ended 31 March 2022. This was mainly attributable to the increase in fair value loss in financial assets at fair value through profit or loss, impairment losses under expected credit loss model, freight, transportation and storage costs, and staff costs, partially offset with the increase in revenue, gross profit and taxation credit during the Year.

## **STRATEGY AND PROSPECTS**

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

Internationally, as the travelling and quarantine restrictions relax, the Group will continue to promote and develop our international businesses at the overseas exhibitions and trade shows when resumed.

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 31 March 2023, the Group's total cash and cash equivalents amounted to approximately HK\$66.0 million of which approximately 67.8%, 27.6%, 2.5% and 2.1% of the cash and cash equivalents were denominated in Hong Kong dollar, Renminbi, United States dollar and Euro 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 31 March 2023, the Group had bank borrowings of approximately HK\$13.2 million (31 March 2022: nil) with variable interest rate, which were repayable within one year and were guaranteed by the Company. As at 31 March 2023, the Group's other borrowing of approximately HK\$15.0 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 31 March 2023, the Group's bank borrowings were denominated in Hong Kong dollar and United States dollar. As at 31 March 2023 and 2022, other borrowing was denominated in Hong Kong dollar.

The gearing ratio of the Group as at 31 March 2023 (defined as the Group's total interest-bearing liabilities divided by the Group's total equity) was approximately 22.4% (31 March 2022: 17.7%). The increase in gearing ratio is mainly due to the increase in bank borrowings during the Year.

## **CAPITAL STRUCTURE**

As at 31 March 2023, 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.

During the Year, there was no change to the authorised and issued share capital of the Company.

## **FOREIGN EXCHANGE RISK**

The 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 we 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.

## **MAJOR CUSTOMERS AND MAJOR SUPPLIERS**

During the Year, the revenue attributable to our top five customers was approximately HK\$99.1 million (2022: approximately HK\$70.3 million), accounting for approximately 63.1% (2022: approximately 49.6%) of the total revenue of the Group.

During the Year, our purchases from our top five suppliers were approximately HK\$73.8 million (2022: approximately HK\$51.5 million), accounting for approximately 82.4% (2022: approximately 83.7%) of our total purchases.

The Group's top five customers and suppliers during the reporting period were independent third parties, and none of our Directors, their associates or any shareholder (who, to the knowledge of our Directors, owned more than 5% of our Company's share capital as at the date of this announcement) had any interest in any of our top five customers or suppliers during the Year.

## **CONTINGENT LIABILITIES**

The Group has not had any material contingent liability as at 31 March 2023 and 31 March 2022.

## **CAPITAL COMMITMENTS**

As at 31 March 2023 and 31 March 2022, the Group had no capital commitments.

## CHARGE ON GROUP ASSETS

As at 31 March 2023, the Group had bank borrowings of approximately HK\$13.2 million (31 March 2022: nil) which were guaranteed by the Company.

## 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 Group during the Year.

## 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 31 March 2023.

The table below sets out the utilisation of the net proceeds up to 31 March 2023:

	Estimated Net Proceeds as per the Prospectus HK\$' million	Actual Net Proceeds HK\$' million	Adjusted net proceeds after Change in UOP HK\$' million	Used amounts as at 31 March 2023 HK\$' million	Unused amounts as at 31 March 2023 HK\$' million
Use of net proceeds					
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>

## **SECURITIES TRANSACTIONS CONDUCTED BY DIRECTORS AND THE RELEVANT EMPLOYEES**

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 Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”) as its code of conduct for regulating securities transactions by Directors. Following a specific enquiry to all Directors by the Company, all Directors have confirmed that they have complied with the required standard set out in the Model Code throughout the Year.

## **CORPORATE GOVERNANCE 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 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 Year 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. The functions of chairman and chief executive officer were performed by the Executive Directors and the general manager respectively. 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.

## **PURCHASE, SALES OR REDEMPTION OF 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 Year.

## **DIRECTORS’ INTERESTS IN COMPETING BUSINESS**

During the Year, none of the Directors nor their associates (as defined in the Listing Rules) had any competing interests in such business that is in direct or indirect competition with any of the Group’s business.

## **EVENTS AFTER THE REPORTING PERIOD**

Save as disclosed in this announcement, there are no significant events affecting the Group after the reporting period and up to the date of this announcement.

## **AUDIT AND COMPLIANCE COMMITTEE**

The Company has established the audit and compliance committee of the Company (the “**Audit and Compliance Committee**”) in accordance with Rule 3.21 of the Listing Rules and the Code and has expressly stated the scope of job duties of such committee in writing. As at the date of this announcement, 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.

The Audit and Compliance Committee has reviewed and discussed the annual results, the consolidated financial statements for the Year prepared in accordance with Hong Kong Financial Reporting Standards, as well as the auditing, accounting principles, and internal controls of the Group.

## **FINAL DIVIDEND**

The Board does not recommend the distribution of a final dividend for the Year.

## **REVIEW OF ANNUAL RESULTS**

### **Scope of Work of Baker Tilly 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 year ended 31 March 2023 as set out in the preliminary announcement have been agreed by the Group’s auditor, Baker Tilly Hong Kong Limited, to the amounts set out in the Group’s audited consolidated financial statements for the Year. The work performed by Baker Tilly Hong Kong Limited in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by Baker Tilly Hong Kong Limited on the preliminary announcement.

## **AGM AND CLOSURE OF REGISTER OF MEMBERS**

The 2023 annual general meeting (the “AGM”) of the Company will be held on Wednesday, 16 August 2023. For the purpose of determining the Shareholders’ eligibility to attend, speak and vote at the 2023 AGM, the register of members of the Company will be closed from Thursday, 10 August 2023 to Wednesday, 16 August 2023, both days inclusive, during which period no transfer of shares will be registered. In order to be eligible to attend and vote at the 2023 AGM, all share transfer documents accompanied by the relevant share certificates must be lodged for registration with the Company’s branch share registrar in Hong Kong, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not later than 4:30 p.m. on Wednesday, 9 August 2023.

## **PUBLICATION OF THE ANNUAL RESULTS ANNOUNCEMENT AND THE 2022/23 ANNUAL REPORT**

This announcement is published on the respective websites of the Stock Exchange at <http://www.hkexnews.hk> and the Company at <http://www.yukwing.com>. The Company’s 2022/23 annual report containing all of the information as required by the Listing Rules will be despatched to shareholders of the Company and published on the websites of the Stock Exchange and the Company in due course.

For and on behalf of the Board  
**Yuk Wing Group Holdings Limited**  
**Chui Kwong Kau**  
*Executive Director*

Hong Kong, 21 June 2023

*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.*