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 2023

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 2023 (the "**Reporting Period**") together with the comparative figures for the corresponding period in 2022 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 September 2023

		Six months ended 30 September	
	Notes	**2023** ***HK$'000*** **(Unaudited)**	2022 *HK$'000* (Unaudited)
Revenue	*3*	**67,139**	88,409
Cost of sales		**(50,645)**	(64,171)
Gross profit		**16,494**	24,238
Other income		**1,753**	3,006
Reversal of impairment losses/(impairment losses) on trade receivables under expected credit loss model, net		**844**	(973)
Other gains and losses	*4*	**(2,898)**	(3,615)
Selling and distribution expenses		**(3,953)**	(5,504)
Administrative expenses		**(17,894)**	(17,023)
Finance costs	*5*	**(864)**	(679)
Loss before tax	*6*	**(6,518)**	(550)
Income tax (expense)/credit	*7*	**(454)**	3,525
(Loss)/profit for the period		**(6,972)**	2,975

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the six months ended 30 September 2023

	Note	Six months ended 30 September **2023** *HK$'000* (Unaudited)	2022 *HK$'000* (Unaudited)
Other comprehensive expense for the period:			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		**(3,002)**	(8,432)
Total comprehensive expense for the period		**(9,974)**	(5,457)
(Loss)/profit for the period attributable to:			
Owners of the Company		**(5,548)**	2,368
Non-controlling interests		**(1,424)**	607
		(6,972)	2,975
Total comprehensive expense for the period attributable to:			
Owners of the Company		**(7,137)**	(3,148)
Non-controlling interests		**(2,837)**	(2,309)
		(9,974)	(5,457)
(Loss)/earnings per share, basic (HK cents)	*9*	**(1.46)**	0.62

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2023

	Notes	At 30 September 2023 HK$'000 (Unaudited)	At 31 March 2023 HK$'000 (Audited)
Non-current assets			
Property, plant and equipment		**4,232**	5,296
Right-of-use assets		**8,990**	10,254
Deferred tax assets		**2,350**	2,416
		15,572	17,966
Current assets			
Inventories		**54,843**	56,471
Trade and other receivables	*10*	**55,251**	67,067
Financial assets at fair value through profit or loss		**21,547**	23,349
Tax recoverable		**171**	283
Bank balances and cash		**56,558**	65,969
		188,370	213,139
Current liabilities			
Trade and other payables	*11*	**5,636**	9,263
Contract liabilities		**6,772**	3,897
Lease liabilities		**2,554**	2,499
Tax payable		**137**	72
Bank and other borrowings		**13,000**	28,210
		28,099	43,941
Net current assets		**160,271**	169,198
Total assets less current liabilities		**175,843**	187,164
Non-current liabilities			
Deferred tax liabilities		**45**	102
Lease liabilities		**7,903**	9,193
		7,948	9,295
		167,895	177,869
Capital and reserves			
Share capital		**38,000**	38,000
Reserves		**97,576**	104,713
Equity attributable to owners of the Company		**135,576**	142,713
Non-controlling interests		**32,319**	35,156
		167,895	177,869

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2023

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 except for certain financial instruments that are measured at fair values, as appropriate.

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 2023 are the same as those presented in the Group's annual financial statements for the year ended 31 March 2023.

Application of new and 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 2023 for the preparation of the Group's condensed consolidated financial statements:

HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17)	Insurance Contracts
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax Related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	International Tax Reform — Pillar Two Model Rules

Except as described below, the application of the new and 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.

Amendments to HKAS 8 "Definition of Accounting Estimates"

The amendments define accounting estimates as "monetary amounts in financial statements that are subject to measurement uncertainty". An accounting policy may require items in financial statements to be measured in a way that involves measurement uncertainty. In such a case, an entity develops an accounting estimate to achieve the objective set out by the accounting policy. The amendments to HKAS 8 clarify the distinction between changes in accounting estimates, and changes in accounting policies and the correction of errors.

The application of the amendments in the current period had no material impact on the condensed consolidated financial statements.

Amendments to HKAS 12, Income taxes: Deferred tax related to assets and liabilities arising from a single transaction

The amendments narrow the scope of the initial recognition exemption such that it does not apply to transactions that give rise to equal and offsetting temporary differences on initial recognition such as leases and decommissioning liabilities. For leases and decommissioning liabilities, the associated deferred tax assets and liabilities are required to be recognised from the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to retained earnings or other components of equity at that date. For all other transactions, the amendments are applied to those transactions that occur after the beginning of the earliest period presented.

Prior to the amendments, the group did not apply the initial recognition exemption to lease transactions and had recognised the related deferred tax, except that the group previously determined the temporary difference arising from a right-of-use asset and the related lease liability on a net basis on the basis they arise from a single transaction. Following the amendments, the group has determined the temporary differences in relation to right-of-use assets and lease liabilities separately. The change primarily impacts disclosures of components of deferred tax assets and liabilities in the annual financial statements, but does not impact the overall deferred tax balances presented in the consolidated statement of financial position as the related deferred tax balances qualify for offsetting under HKAS 12.

New HKICPA guidance on the accounting implications of the abolition of the MPF-LSP offsetting mechanism

In June 2022, the Government of the Hong Kong SAR gazetted the Employment and Retirement Schemes Legislation (Offsetting Arrangement) (Amendment) Ordinance 2022 (the "**Amendment Ordinance**"), which will eventually abolish the statutory right of an employer to reduce its long service payment ("**LSP**") and severance payment payable to a Hong Kong employee by drawing on its mandatory contributions to the mandatory provident fund ("**MPF**") scheme (also known as the "**offsetting mechanism**"). The Government has subsequently announced that the Amendment Ordinance will come into effect from 1 May 2025 (the "**Transition Date**"). Separately, the Government is also expected to introduce a subsidy scheme to assist employers after the abolition of the offsetting mechanism.

Among other things, once the abolition of the offsetting mechanism takes effect, an employer can no longer use any of the accrued benefits derived from its mandatory MPF contributions (irrespective of the contributions made before, on or after the Transition Date) to reduce the LSP in respect of an employee's service from the Transition Date. However, where an employee's employment commenced before the Transition Date, the employer can continue to use the above accrued benefits to reduce the LSP in respect of the employee's service up to that date; in addition, the LSP in respect of the service before the Transition Date will be calculated based on the employee's monthly salary immediately before the Transition Date and the years of service up to that date.

In July 2023, the HKICPA published "Accounting implications of the abolition of the MPF-LSP offsetting mechanism in Hong Kong" that provides guidance on the accounting considerations relating to the offsetting mechanism and the abolition of the mechanism. In particular, the guidance indicates that entities may account for the accrued benefits derived from its mandatory MPF contributions that are expected to be used to reduce the LSP payable to an employee as deemed contributions by that employee towards the LSP. However, applying this approach, upon the enactment of the Amendment Ordinance in June 2022, it is no longer permissible to apply the practical expedient in paragraph 93(b) of HKAS 19, Employee benefits, and recognise such deemed contributions as reduction of current service cost in the period the related service is rendered, and any impact from ceasing to apply the practical expedient is recognised as a catch-up adjustment in profit or loss with a corresponding adjustment to the LSP liability during the year ended 31 March 2023.

In this interim financial report and in prior periods, consistent with the HKICPA guidance, the Group has been accounting for the accrued benefits derived from its mandatory MPF contributions that are expected to be used to reduce the LSP payable to an employee as deemed employee contributions towards the LSP. However, the Group has been applying the abovementioned practical expedient.

The Group has assessed the implications of this new guidance on the above accounting policies and has decided to change those accounting policies to conform with the guidance. Management has commenced the processes on implementing the change including additional data collection and impact assessment. However, the impact of the change is not reasonably estimable at the time this interim financial report is authorised for issue, as the Group has yet to fully complete its assessment of the impact of the HKICPA guidance. The Group expects to adopt this guidance with retrospective application in its annual financial statements for the year ending 31 March 2024.

3. REVENUE AND SEGMENT INFORMATION

Revenue

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	
	2023	2022
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Recognised at a point in time:		
Manufacturing and trading of DTH rockdrilling tools	**61,099**	82,937
Trading of piling and drilling machineries	**–**	1,005
Trading of rockdrilling equipment	**6,040**	4,467
	67,139	88,409

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.

Segment revenue and results

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 reportable segment is manufacturing and trading of DTH rockdrilling tools. No operating segments identified by the CODM have been aggregated in arriving at the reportable segment of the Group.

In addition to the above reportable segment, other operating segments include (i) trading of piling and drilling machineries and (ii) trading of rockdrilling equipment, of which both operations were being reported as separate segments in prior periods. None of these segments met the quantitative thresholds for the reportable segments in both current and prior periods. Accordingly, these were grouped in "Others". Prior period segment disclosures have been represented to conform with the current period's presentation.

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

For the six months ended 30 September 2023

	Manufacturing and trading of DTH rockdrilling tools *HK$'000* **(Unaudited)**	**Others** *HK$'000* **(Unaudited)**	**Total** *HK$'000* **(Unaudited)**
SEGMENT REVENUE			
External sales	**61,099**	**6,040**	**67,139**
RESULTS			
Segment results	**17,325**	**(831)**	**16,494**
Unallocated expenses			**(21,847)**
Other income			**1,753**
Reversal of impairment losses on trade receivables under expected credit loss ("**ECL**") model, net			**844**
Other gains and losses			**(2,898)**
Finance costs			**(864)**
Loss before tax			**(6,518)**

For the six months ended 30 September 2022

	Manufacturing and trading of DTH rockdrilling tools *HK$'000* (Unaudited)	Others *HK$'000* (Unaudited)	Total *HK$'000* (Unaudited)
SEGMENT REVENUE			
External sales	82,937	5,472	88,409
RESULTS			
Segment results	23,315	923	24,238
Unallocated expenses			(22,527)
Other income			3,006
Impairment losses on trade receivables under ECL model, net			(973)
Other gains and losses			(3,615)
Finance costs			(679)
Loss before tax			(550)

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:

	Six months ended 30 September	
	2023	2022
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Hong Kong	**64,912**	84,373
Finland	**450**	2,630
Macau	**325**	807
The United States	**768**	–
Others	**684**	599
	67,139	88,409

4. OTHER GAINS AND LOSSES

	Six months ended 30 September	
	2023	2022
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Other gains and losses include the following:		
Net foreign exchange (loss)/gain	**(1,096)**	1,188
Loss on fair value changes of financial assets at fair value through profit or loss ("**FVTPL**")	**(1,802)**	(4,825)
Gain on disposal of property, plant and equipment	**–**	22
	(2,898)	(3,615)

5. FINANCE COSTS

	Six months ended 30 September	
	2023	2022
	HK\$'000	*HK\$'000*
	(Unaudited)	(Unaudited)
Interest on bank and other borrowings	**635**	425
Interest on lease liabilities	**229**	254
	864	679

6. LOSS BEFORE TAX

	Six months ended 30 September	
	2023	2022
	HK\$'000	*HK\$'000*
	(Unaudited)	(Unaudited)
Loss before tax has been arrived at after charging:		
Depreciation of property, plant and equipment	**895**	1,007
Capitalised in cost of inventories manufactured	**(216)**	(348)
	679	659
Depreciation of right-of-use assets	**1,264**	1,053
Capitalised in cost of inventories manufactured	**(737)**	(738)
	527	315
Cost of inventories recognised as expense	**50,645**	64,171
Expense relating to short-term leases	**787**	1,027

7. INCOME TAX (EXPENSE)/CREDIT

	Six months ended 30 September	
	2023	2022
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
The (charge)/credit comprises:		
Current tax		
Hong Kong	**(65)**	(394)
The People's Republic of China (the "**PRC**") Enterprise Income Tax	**–**	(358)
	(65)	(752)
(Under)/over-provision in prior years:		
Hong Kong	**–**	3,759
PRC Enterprise Income Tax	**(380)**	–
	(380)	3,759
	(445)	3,007
Deferred tax (charge)/credit	**(9)**	518
	(454)	3,525

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 2022: 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. The subsidiary was awarded with the High and New-Tech Enterprise and entitled to a preferential tax rate of 15% for both periods. No provision for PRC Enterprise Income Tax has been made as the relevant subsidiary has no assessable profits for the current period.

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 2023 (six months ended 30 September 2022: nil).

9. (LOSS)/EARNINGS PER SHARE

	Six months ended 30 September	
	2023	2022
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
(Loss)/earnings:		
(Loss)/earnings for the purpose of calculating basic (loss)/earnings per share:		
(Loss)/profit for the period attributable to owners of the Company	**(5,548)**	2,368
	'000	*'000*
Number of shares:		
Number of ordinary shares for the purpose of calculating basic (loss)/earnings per share	**380,000**	380,000

No diluted (loss)/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 2023	At 31 March 2023
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
0 to 30 days	**4,162**	11,554
31 to 60 days	**9,647**	11,082
61 to 90 days	**4,543**	1,850
91 to 180 days	**3,976**	5,622
181 days to 1 year	**5,369**	8,081
Over 1 year	**12,007**	9,810
	39,704	47,999

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:

	At 30 September 2023 *HK$'000* **(Unaudited)**	At 31 March 2023 *HK$'000* (Audited)
0 to 30 days	**1,193**	4,248
31 to 60 days	**502**	1,039
61 to 90 days	**7**	–
181 days to 1 year	**–**	120
Over 1 year	**18**	–
	1,720	5,407

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 activities in Hong Kong has decreased, leading to less construction activities and projects available in the Hong Kong market. The revenue generated from our international customers has decreased during the Reporting Period. 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 decreased due to the decrease in market activities in the Hong Kong market. As a result, our Group's revenue decreased as our local and international customers have decreased their purchases for our products, resulted in a loss 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$64.9 million for the Reporting Period (six months ended 30 September 2022: approximately HK$84.4 million), or approximately 96.7% of the total revenue during the Reporting Period (six months ended 30 September 2022: approximately 95.4%). The business activities in Macau have decreased, where the revenue generated from Macau contributed to approximately HK$0.3 million for the Reporting Period (six months ended 30 September 2022: approximately HK$0.8 million), or approximately 0.5% of the total revenue during the Reporting Period (six months ended 30 September 2022: approximately 0.9%). Business activities in the Scandinavia region has decreased, where the revenue generated from the Scandinavia region contributed to approximately HK$0.5 million for the Reporting Period (six months ended 30 September 2022: approximately HK$2.6 million), or approximately 0.7% of the total revenue during the Reporting Period (six months ended 30 September 2022: approximately 3.0%).

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 91.0% of the total revenue during the Reporting Period (six months ended 30 September 2022: approximately 93.8%).

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 was no revenue from the trading of piling and drilling machineries during the Reporting Period (six months ended 30 September 2022: approximately 1.1%). Revenue from the trading of rockdrilling equipment, contributed to approximately 9.0% of the total revenue during the Reporting Period (six months ended 30 September 2022: approximately 5.1%).

FINANCIAL REVIEW

Revenue

The Group's revenue decreased by approximately HK$21.3 million, or 24.1%, to approximately HK$67.1 million for the Reporting Period, from approximately HK$88.4 million for the six months ended 30 September 2022, primarily due to the decrease in business activities in Hong Kong during the Reporting Period, leading to a relatively lower level of construction activities and available projects when compared with the six months ended 30 September 2022, resulting in a lower than expected demand for our products.

Gross Profit and Gross Profit Margin

The Group's gross profit decreased by approximately HK$7.7 million, or 31.9%, to approximately HK$16.5 million for the Reporting Period, from approximately HK$24.2 million for the six months ended 30 September 2022, primarily attributable to the general decrease in demand for our products to our customers due to the decrease in market activities in the Hong Kong market.

Gross profit margin decreased to approximately 24.6% for the Reporting Period, from approximately 27.4% for the six months ended 30 September 2022. This is mainly attributable to the lower gross profit margins contributed by the trading of rockdrilling tools segment as a result of decreases in selling prices to customers.

Selling and Distribution Expenses

The Group's selling and distribution expenses decreased by approximately HK$1.6 million, or 28.2%, to approximately HK$4.0 million for the Reporting Period, from approximately HK$5.5 million for the six months ended 30 September 2022, mainly due to the decrease in declaration charges and freight, transportation and storage costs as a result of the decrease in business activities during the Reporting Period.

Administrative Expenses

The Group's administrative expenses increased by approximately HK$0.9 million, or 5.1%, to approximately HK$17.9 million for the Reporting Period, from approximately HK$17.0 million for the six months ended 30 September 2022, primarily due to the increase in staff related expenses during the Reporting Period.

Net (Loss)/Profit

The Group recorded a net loss of approximately HK$7.0 million (for the six months ended 30 September 2022: net profit of approximately HK$3.0 million) for the Reporting Period. The increase in net loss was mainly attributable to the decrease in revenue and gross profit during the Reporting Period as explained above, together with the one-off tax credit as a result of over-provision of Hong Kong tax in prior years for the six months ended 30 September 2022, set off with the effects of the increase in 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 and at the international level, there has been a decrease in market activities.

It is anticipated that the market conditions in Hong Kong and internationally will remain stagnant for the remainder of the year.

Overall, the Group remains cautious 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 2023, the Group's total cash and cash equivalents amounted to approximately HK$56.6 million of which approximately 68.0%, 26.4%, 3.2% and 2.4% of the cash and cash equivalents were denominated in Hong Kong dollar, Renminbi, United States dollar and Euro, respectively (31 March 2023: 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).

As at 30 September 2023, the Group had no bank borrowing. As at 31 March 2023, the Group had bank borrowings of approximately HK$13.2 million with variable interest rates, which were repayable within one year and were guaranteed by the Company. As at 30 September 2023, the Group's other borrowing of approximately HK$13.0 million (31 March 2023: approximately HK$15.0 million) had fixed interest rate of 1.0% (31 March 2023: 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 30 September 2023 and 31 March 2023, the Group's other borrowing was denominated in Hong Kong dollar.

The gearing ratio of the Group as at 30 September 2023 (defined as the Group's total interest-bearing liabilities divided by the Group's total equity) was approximately 14.0% (31 March 2023: approximately 22.4%). The decrease in gearing ratio was mainly due to the decrease in bank borrowings during the Reporting Period.

CAPITAL STRUCTURE

As at 30 September 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.

There has been no change in the capital structure of the Group during the six months ended 30 September 2022, the six months ended 30 September 2023 and up to the date of this announcement.

CHARGE ON GROUP ASSETS

As at 30 September 2023, there were no charge on group assets. As at 31 March 2023, the Group had bank borrowings of approximately HK$13.2 million which were guaranteed by the Company.

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 2023.

CAPITAL COMMITMENTS

As at 30 September 2022 and 2023, the Group had no capital commitments.

SEGMENT INFORMATION

Details of segment information of the Group for the six months ended 30 September 2023 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 2023 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 2023, the Group had 87 employees (30 September 2022: 82 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.

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 and 30 September 2023.

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. 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.

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 (the "**Model Code**") as provided in Appendix 10 of the Listing Rules as the Company's code of conduct for regulating securities transactions by Directors. Upon specific enquiry conducted by the Company, all Directors have confirmed that they have complied with the required standard set out in 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 2023 have been reviewed by the external auditor of the Company, Baker Tilly Hong Kong Limited, in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants.

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, each of them is an Independent Non-executive Director. The chairman of the Audit and Compliance Committee is Mr. Yiu To Wa, who possesses appropriate professional and accounting qualifications.

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

Hong Kong, 22 November 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.