HANG YICK HOLDINGS COMPANY LIMITED
恒益控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1894)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2023

The board (the "**Board**") of directors (the "**Directors**") of Hang Yick Holdings Company Limited (the "**Company**") announces the audited consolidated financial results of the Company and its subsidiaries (collectively, the "**Group**") for the year ended 31 March 2023 ("**FY2023**"), together with the comparative figures for the year ended 31 March 2022 ("**FY2022**") as follows.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2023

	Notes	**2023** ***HK$'000***	2022 *HK$'000* (Re-presented)
Continuing operations			
Revenue	*4*	**184,904**	203,598
Direct costs		**(162,547)**	(160,289)
Gross profit		**22,357**	43,309
Other income and other gains and losses	*6*	**2,381**	5,081
Administrative expenses		**(21,696)**	(26,919)
Profit from operations		**3,042**	21,471
Finance costs	*7*	**(122)**	(285)
Profit before taxation	*8*	**2,920**	21,186
Income tax expense	*9*	**(1,162)**	(3,391)
Profit for the year from continuing operations		**1,758**	17,795
Discontinued operation			
(Loss)/profit for the year from discontinued operation	*2*	**(21,161)**	3,173
(Loss)/profit for the year		**(19,403)**	20,968
Other comprehensive income for the year, net of tax			
Items that may be subsequently reclassified to profit or loss:			
Exchange difference arising on translation of foreign operations		**(3,387)**	663
Exchange reserve reclassified to profit or loss on de-consolidation of subsidiaries		**911**	—
		(2,476)	663
Total comprehensive income for the year		**(21,879)**	21,631

	Notes	**2023** ***HK$'000***	2022 *HK$'000* (Re-presented)
(Loss)/profit for the year attributable to:			
Owners of the Company		**(21,707)**	19,678
Non-controlling interests		**2,304**	1,290
		(19,403)	20,968
(Loss)/profit for the year attributable to owners of the Company arises from:			
Continuing operations		**1,758**	17,795
Discontinued operation		**(23,465)**	1,883
		(21,707)	19,678
Total comprehensive income for the year attributable to:			
Owners of the Company		**(24,431)**	20,507
Non-controlling interests		**2,552**	1,124
		(21,879)	21,631
Total comprehensive income for the year attributable to owners of the Company arises from:			
Continuing operations		**(2,250)**	18,874
Discontinued operation		**(22,181)**	1,633
		(24,431)	20,507
(Loss)/earnings per share	*11*		
Basic and diluted			
From continuing and discontinued operations		**HK$(2.8) cents**	HK$2.6 cents
From continuing operations		**HK$0.2 cents**	HK$2.3 cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2023

	Notes	2023 HK$'000	2022 HK$'000
Non-current assets			
Property, plant and equipment		**12,566**	14,793
Right-of-use assets		**3,943**	3,786
Financial asset at fair value through profit or loss		**5,545**	5,343
Deposits		**27**	379
Deferred tax assets		**85**	—
		22,166	24,301
Current assets			
Inventories		**22,831**	34,879
Trade receivables	*12*	**12,054**	20,943
Other receivables, deposits and prepayments		**3,974**	5,777
Contract assets		**46,518**	50,234
Current tax assets		**2,567**	2,075
Cash and cash equivalents		**79,386**	54,923
		167,330	168,831
Current liabilities			
Trade and other payables and accruals	*13*	**14,276**	26,143
Contract liabilities		**518**	260
Lease liabilities		**300**	66
Bank borrowing	*14*	**3,740**	3,960
Current tax liabilities		**8**	380
		18,842	30,809
Net current assets		**148,488**	138,022
Total assets less current liabilities		**170,654**	162,323

	Notes	2023 HK$'000	2022 HK$'000
Non-current liabilities			
Provisions		**161**	161
Lease liabilities		**395**	—
Deferred tax liabilities		**—**	79
		556	240
NET ASSETS		**170,098**	162,083
Capital and reserves			
Equity attributable to owners of the Company			
Share capital	*15*	**7,676**	7,676
Reserves		**162,422**	186,853
		170,098	194,529
Non-controlling interests		**—**	(32,446)
TOTAL EQUITY		**170,098**	162,083

NOTES:

1. GENERAL INFORMATION

The Company was incorporated and registered as an exempted company with limited liability in the Cayman Islands under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands on 6 March 2018 and its shares have been listed on Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). The trading in the shares of the Company has been suspended since 22 April 2021.

The Company acts as an investment holding company. The principal activities of its subsidiaries are mainly provision of steel and metal engineering services and sales of steel and metal products.

In the opinion of the directors of the Company, as at 31 March 2023, HY Steel Company Limited ("**HY Steel**"), a company incorporated in the British Virgin Islands ("**BVI**") and owned as to 66.9% equity interest held by Mr. Lee Pui Sun ("**Mr. Lee Sr.**"), and 30% equity interest held by Ms. Lau Lai Ching ("**Ms. Lau**"), the spouse of Mr. Lee Sr., (collectively, the "**Controlling Shareholders**"), was the immediate and ultimate parent of the Company.

2. BASIS OF PREPARATION

These consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**"). HKFRSs comprise Hong Kong Financial Reporting Standards ("**HKFRS**"); Hong Kong Accounting Standards ("**HKAS**"); and Interpretations. These consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange and with the disclosure requirements of the Companies Ordinance (Cap. 622). Significant accounting policies adopted by the Company and its subsidiaries (collectively referred to as the "**Group**") are disclosed below.

Suspension of trading in shares of the Company and Investigation

As described in details in the Group's consolidated financial statements for the year ended 31 March 2022, Mr. Lee Sr., Ms. Lau and Mr. Lee Ka Ho (the "**Involved Former Directors**") were arrested or requested to assist for investigation for suspected market misconduct and fraud by certain authorities in Hong Kong in 2021. The Involved Former Directors were alleged to have conspired to use bogus transactions to embezzle funds of the Company (the "**Alleged Bogus Transactions**").

Trading of the Company's shares has been suspended with effect from 22 April 2021 (the "**Suspension**").

Each of the Involved Former Directors has resigned from his/or her position as executive director of the Company with effect from 14 September 2022, and new directors were appointed to form a newly constituted board of the Company (the "**Newly-Constituted Board**").

An independent investigation was conducted on the Alleged Bogus Transactions (the "**Investigation**") and upon consideration of the findings of the Investigation, the Special Investigation Committee (as defined in note 2(a) to the Group's consolidated financial statements for the year ended 31 March 2022) identified that the Alleged Bogus Transactions and certain payments of prepayments, deposits and advances ("**PPDA**") transactions that occurred during the years ended 31 March 2019 and 2020 (collectively, the "**Incident Transactions**") related to irregularities which involved the Involved Former Directors, a former director, a former employee and/or their business associates.

The Newly-Constituted Board was of the opinion that the Incident Transactions were suspicious and may not have been entered into under normal commercial arrangements.

The Newly-Constituted Board took into account the findings of the Investigation, considered the relevant information and supporting evidence available and used their best effort to estimate the relevant financial impact of the matters identified in the Investigation. Accordingly, an aggregate amount of the specific provision made on the Incident Transactions of approximately HK$111,983,000 has been recognised in the consolidated statement of profit or loss and other comprehensive income for the year ended 31 March 2021 and recognised a recovery of loss on the Incident Transactions of approximately HK$7,344,000 and HK$6,547,000 for the years ended 31 March 2022 and 2023 respectively, on the basis of the cash refunded.

The details of the recovery of loss on the Incident Transactions are as follows:

	2023	2022
	HK$'000	*HK$'000*
Alleged Bogus Transactions	**—**	—
The PPDA transactions	**6,547**	7,344
	6,547	7,344

	2023	2022
	HK$'000	*HK$'000*
Recovery of loss on the Incident Transactions arises from:		
Continuing operations	**—**	3,000
Discontinued operation	**6,547**	4,344
	6,547	7,344

Listing status of the Company

By way of letters dated 19 July 2021, the Stock Exchange imposed the following resumption guidance (the "**Resumption Guidance**") for the Company:

(i) conduct an appropriate independent investigation into the underlying incidents of the First Investigation and the Second Investigation, assess the impact on the Company's business operation and financial position, announce the findings of the above investigations (including the Forensic Review) and take appropriate remedial actions;

(ii) conduct an independent internal control review and demonstrate that the Company has in place adequate internal controls and procedures to meet obligations under the Listing Rules;

(iii) publish all outstanding financial results required under the Listing Rules and address any audit modifications;

(iv) demonstrate compliance with Rule 13.24;

(v) demonstrate that there is no reasonable regulatory concern about management integrity and/or the integrity of any persons with substantial influence over the Company's management and operations, which may pose a risk to investors and damage market confidence;

(vi) demonstrate that the directors of the Company meet a standard of competence commensurate with their position as directors of a listed issuer and fulfill duties of skill, care and diligence as required under Rules 3.08 and 3.09 of the Listing Rules; and

(vii) announce all material information for the Company's shareholders and other investors to appraise the Company's position.

For details, please refer to the announcements made by the Company dated 21 July 2021.

The Stock Exchange required the Company to remedy the issues causing its trading suspension and fully comply with the Listing Rules to the Stock Exchange's satisfaction before trading in its securities is allowed to resume and, for this purpose, the Company has the primary responsibility to devise its action plan for resumption. The Stock Exchange also indicated that it may modify or supplement the Resumption Guidance if the Company's situation changes. Under Rule 6.01A(1) of the Listing Rules, the Stock Exchange may cancel the listing of any securities that have been suspended from trading for a continuous period of 18 months. In the case of the Company, the 18-month period expires on 21 October 2022. If the Company fails to remedy the issue causing its trading suspension, fulfill the Resumption Guidance and fully comply with the Listing Rules to the Stock Exchange's satisfaction and resume trading in its shares by 21 October 2022, the Listing Division of the Stock Exchange will recommend the Listing Committee of the Stock Exchange (the "**Listing Committee**") to proceed with the cancellation of the Company's listing. Under Rules 6.01 and 6.10 of the Listing Rules, the Stock Exchange also has the right to impose a shorter specific remedial period, where appropriate.

The Company is taking appropriate steps to remedy the issues causing the Suspension and fully comply with the Listing Rules to the Stock Exchange's satisfaction before trading in the shares is allowed to resume. On 19 October 2022, the Company submitted a resumption proposal to the Stock Exchange.

On 16 December 2022, the Company received a letter from the Stock Exchange notifying the Company that the Listing Committee, having considered that the Company had not met any of the Resumption Guidance, decided to cancel the Company's listing under Rule 6.01A of the Listing Rules (the "**Decision**").

On 29 December 2022, the Company submitted an application requesting the Decision be referred to the Listing Review Committee of the Stock Exchange (the "**Listing Review Committee**") for review pursuant to Chapter 2B of the Listing Rules. The Listing Review Committee heard the application for the review on 24 March 2023.

On 4 April 2023, the Company received a letter from the Listing Review Committee indicating that the Decision was overturned and the Resumption Guidance have been substantially fulfilled, except for the Resumption Guidance (v) relating to management integrity, as concern remains over the possible influence of the Involved Former Directors through their equity interests held in HY Steel, being the controlling shareholders holding 66.9% of the issued share capital of the Company. The Listing Review Committee considered that the Resumption Guidance (v) could only be fully addressed when HY Steel has fully disposed of its equity interests in the Company. Therefore, the Listing Review Committee decided to extend the remedial period to 28 June 2023 for the Company to demonstrate that HY Steel completes the sale of 513,155,000 ordinary shares of the Company to independent third parties who, including their ultimate beneficial owner(s) if applicable, are independent of and not connected or associated with the Involved Former Directors or the Company's connected persons as defined under Chapter 14A of the Listing Rules, to the satisfaction of the Listing Division of the Stock Exchange by 28 June 2023, following which trading in the Company's shares may resume.

Please refer to the announcements of the Company dated 21 October 2022, 16 December 2022, 29 December 2022, 18 January 2023, 31 January 2023, 13 April 2023 and 21 April 2023 for details of the progress of the resumption.

The Company will keep its shareholders and public informed of the developments in this regard by making further announcements as and when appropriate.

Voluntary winding up and de-consolidation of the PRC business

The Newly-Constituted Board advised that since the departure of certain former key management personnel who were responsible for the operational, financial and accounting matters of the People's Republic of China, excepted Hong Kong (the "**PRC**") business subsidiary, HY China Investment Company Limited ("**HY China**"), a wholly-owned subsidiary of the Company and its subsidiaries (the "**HY China Group**") in 2020, who the Group were unable to contact after their departure, the Newly-Constituted Board had taken all reasonable steps to preserve and maintain the basic business records of the HY China Group, including but not limited to management accounts, ledgers and sub-ledgers accounts, certain vouchers, bank statements, certain agreements and documentation (collectively referred to as the "**Basic Records**"), that were left behind by the former key management personnel and accounting departments of the HY China Group as far as possible. However, the Newly-Constituted Board used their best endeavor to locate more specific business records and supporting explanations of the HY China Group's accounting records, including but not limited to, (i) certain supporting documents of certain business transactions, such as invoices, receipts and purchase orders; (ii) detailed explanation of the accounting entries made (collectively, the "**Specific Records**"), they were unable to access the Specific Records and was unable to determine whether these Specific Records were absent in the first place or they were updated due to the departure of the former key management personnel and the accounting staff.

The Newly-Constituted Board has resolved to voluntarily wind up HY China on 18 January 2023. Ms. Tracy Cook of R&H Restructuring (BVI) Limited and Ms. Janette Tsang of Polar Universal (Secretarial) Limited were appointed as the joint and several liquidators of HY China (the "**HY China Liquidators**"), pursuant to the written resolutions of the sole shareholder of HY China dated on 23 February 2023. The HY China Liquidators are empowered to, inter alia, preserve the assets of HY China and take control of and exercise all rights which HY China may have in relation to entities in which HY China holds an interest. Accordingly, HY China Group was therefore de-consolidated from the consolidated financial statements of the Group with effect from 24 February 2023 in accordance with the requirements of HKFRS 10 Consolidated Financial Statements. The operation of HY China Group was discontinued on the same date.

Set out below are the financial results of the discontinued operation for the reporting period:

	2023	2022
	HK$'000	*HK$'000*
(Loss)/profit for the year from discontinued operation:		
Other income and other gains and losses	**6,633**	4,908
Administrative expenses	**(793)**	(1,735)
Profit before tax	**5,840**	3,173
Income tax expense	**—**	—
Profit for the year	**5,840**	3,173
Loss on de-consolidation of subsidiaries	**(27,001)**	—
(Loss)/profit for the year from discontinued operation	**(21,161)**	3,173

Assets and liabilities of HY China Group disposal of, and the calculation of the loss on de-consolidation are as follows:

	HK$'000
Other receivables, deposits and prepayments	**289**
Cash and cash equivalents	**1,435**
Other payables and accruals	**(5,528)**
Current tax liabilities	**—***
	(3,804)
Release of foreign currency translation reserve	**911**
Release of non-controlling interest in the de-consolidated subsidiaries	**29,894**
Loss on de-consolidation of subsidiaries	**27,001**

* Amount less than HK$1,000

3. APPLICATION OF NEW AND REVISED TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

(a) Application of new and revised HKFRSs

The Group has applied the Amendments to Reference to the Conceptual Framework in HKFRS and 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 consolidated financial statements:

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 HKFRS 3	Reference to the Conceptual Framework
Amendments to HKFRS 16 (March 2021)	Covid-19 Related Rent Concessions beyond 30 June 2021
Annual Improvements Project	Annual Improvements to HKFRS Standards 2018–2020
Amendments to Accounting Guideline 5	Merger Accounting for Common Control Combinations

The Group did not change its accounting policies or make retrospective adjustments as a result of adopting the abovementioned amended standards or annual improvements.

(b) New and revised HKFRSs in issue but not yet effective

The Group has not applied any new and revised HKFRSs that have been issued but are not yet effective for the financial year beginning on 1 April 2022. These new and revised HKFRSs include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
Amendments to HKAS 1 — Classification of Liabilities as Current or Non-current	1 January 2024
Amendments to HKAS 1 — Non-current Liabilities with Covenants	1 January 2024
Amendments to HKAS 1 and HKFRS Practice Statement 2 — Disclosure of Accounting Policies	1 January 2023
Amendments to HKAS 8 — Definition of Accounting Estimates	1 January 2023
Amendments to HKAS 12 — Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction	1 January 2023
Amendments to HKFRS 16 — Lease Liability in a Sales and Leaseback	1 January 2024
Amendments to HKFRS 10 and HKAS 28 — Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined by the HKICPA
Hong Kong Interpretation 5 (2020) Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	1 January 2024

The Group is in the process of making an assessment of what the impact of these amendments and new standards is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements.

4. REVENUE

(a) Disaggregation of revenue

Disaggregation of revenue from contracts with customers by major products or service lines for the year from continuing operations is as follows:

	2023	2022
	HK$'000	*HK$'000*
Revenue from contracts with customers within the scope of HKFRS 15		
Disaggregated by major products or service lines		
Provision of steel and metal engineering services	**162,907**	186,914
Sales of steel and metal products	**21,997**	16,684
	184,904	203,598

The Group derives revenue from the transfer of goods and services over time and at a point in time in the following major products or service lines:

	Provision of steel and metal engineering services		**Sales of steel and metal products**		**Total**	
	2023	2022	**2023**	2022	**2023**	2022
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Timing of revenue recognition						
Products transferred at a point in time	**—**	—	**21,997**	16,684	**21,997**	16,684
Products and services transferred over time	**162,907**	186,914	**—**	—	**162,907**	186,914
	162,907	186,914	**21,997**	16,684	**184,904**	203,598

The customers of the Group are mainly construction companies, contractors and engineering companies in Hong Kong. All of the Group's provision of steel and metal engineering services and sales of steel and metal products are made directly with the customers. Contracts with the Group's customers are mainly fixed-price contracts.

(b) Transaction price allocated to the remaining performance obligations

The following table shows the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied (or partially unsatisfied) as at the end of the reporting period:

	2023	2022
	HK$'000	*HK$'000*
Provision of steel and metal engineering services	**243,506**	334,801

Based on the information available to the Group at the end of the reporting period, the directors of the Company expect the transaction price allocated to the above unsatisfied (or partially unsatisfied) contracts in respect of provision of steel and metal engineering services as of 31 March 2023 will be recognised as revenue during the years ending 31 March 2024 to 2026 (2022: 31 March 2023 to 2025).

5. SEGMENT INFORMATION

For the purpose of resources allocation and performance assessment, the chief operating decision makers, have been identified as the executive directors of the Company, review the segment results of the Group. In the current year, the Group's operations in relation to provision of steel and metal engineering services and sales of steel and metal products which were presented as separate reportable segments in the prior years are considered as a single operating segment in a manner consistent with the way in which information is reported internally to the Newly-Constituted Board for the purpose of resource allocation and performance assessment. Accordingly, the information of these operations has been aggregated into a single reportable segment and no segment analysis is presented other than entity-wide disclosures.

Entity-wide disclosures:

Geographical information

The Group's revenue from continuing operations is derived from Hong Kong and the PRC based on the location of goods delivered and services provided as follows:

	2023	2022
	HK$'000	*HK$'000*
Hong Kong	**182,998**	203,039
The PRC	**1,906**	559
	184,904	203,598

The Group's non-current assets (other than financial assets and deferred tax assets) are located in Hong Kong and the PRC by physical location of assets as follows:

	2023	2022
	HK$'000	*HK$'000*
Hong Kong	**2,871**	3,720
The PRC	**13,638**	15,216
	16,509	18,936

Information about major customers

Revenue attributed from customers that accounted for 10% or more of the Group's total revenue during the year is as follows:

	2023	2022
	HK$'000	*HK$'000*
Customer A	**57,970**	33,963
Customer B	**25,136**	30,135
Customer C	**24,179**	36,859
Customer D	**N/A***	25,653
Customer E	**N/A***	19,822

* Revenue from the customer is less than 10% of the Group's total revenue in the respective year.

6. OTHER INCOME AND OTHER GAINS AND LOSSES

	2023	2022
	HK$'000	*HK$'000* (Re-presented)
Continuing operations		
Other income		
Interest income from bank deposits	**47**	43
Government subsidies *(note)*	**3,402**	419
Sales of scrap materials	**—**	257
Others	**15**	13
	3,464	732
Other gains and losses		
Reversal of impairment loss under expected credit loss model on trade receivables and contract assets, net	**—**	30
Fair value gain on financial asset at fair value through profit or loss	**202**	164
Recovery of loss on the Incident Transactions	**—**	3,000
Net foreign exchange (losses)/gains	**(1,510)**	705
Gain on disposal of property, plant and equipment	**225**	450
	(1,083)	4,349
	2,381	5,081

Note:

The amounts represent government grants for the Anti-epidemic fund and other subsidies received from the Government of Hong Kong Special Administrative Region (2022: government grants for the Ex-gratia Payment Scheme for phasing out Euro IV diesel commercial vehicles received from the Government of Hong Kong Special Administrative Region). The Group did not have any unfulfilled conditions or contingencies relating to these subsidies.

7. FINANCE COSTS

	2023	2022
	HK$'000	*HK$'000*
Continuing operations		
Interest on bank borrowing	**95**	278
Interest on lease liabilities	**27**	7
	122	285

8. PROFIT BEFORE TAXATION

Profit before taxation for the year from continuing operations has been arrived at after charging/(crediting):

	2023	2022
	HK$'000	*HK$'000*
		(Re-presented)
Auditor's remuneration:		
Current	**1,711**	3,310
(Over)/under provision in prior years	**(240)**	200
	1,471	3,510
Depreciation of property, plant and equipment	**3,294**	3,353
Depreciation of right-of-use assets	**485**	445
Cost of inventories recognised as an expense	**92,428**	88,027
Gain on disposal of property, plant and equipment	**(225)**	(450)
Employee benefits expenses inclusive of directors' emoluments:		
Directors' emoluments	**1,530**	1,779
Other staff costs:		
Salaries, wages and other benefits	**66,986**	70,564
Retirement benefits scheme contributions	**3,416**	3,339
	70,402	73,903

Cost of inventories recognised as an expense for the year ended 31 March 2023 includes approximately HK$13,807,000 (2022: HK$13,711,000) relating to staff costs and depreciation of property, plant and equipment, which are included in the amount disclosed separately above for each of these types of expenses.

9. INCOME TAX EXPENSE

Income tax expense relating to continuing operations has been recognised in profit or loss as follows:

	2023	2022
	HK$'000	*HK$'000*
Current tax:		
Hong Kong Profits Tax	**1,549**	2,503
The PRC Enterprise Income Tax ("**EIT**")	**16**	3
(Over)/under-provision in prior years	**(239)**	63
	1,326	2,569
Deferred tax:		
Origination and reversal of temporary differences	**(164)**	822
	1,162	3,391

Under the two-tiered Profits Tax regime, the first HK$2,000,000 of profits of the qualifying group entity established in Hong Kong will be taxed at 8.25%, and profits above that amount will be subject to the tax rate of 16.5%. The profits of the group entities not qualifying for the two-tiered Profits Tax rate regime will continue to be taxed at a rate of 16.5%.

The Company's subsidiaries in the PRC are subject to EIT rate at 25%.

Tax charge on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates, based on existing legislation, interpretation and practices in respect thereof.

According to the PRC EIT law, withholding income tax at a rate of 10% would be imposed on dividends relating to profits earned from year 2008 onwards to foreign investors for the companies established in the PRC. Such dividend tax rate may be further reduced by applicable tax treaties or arrangement. According to the Arrangement between the Mainland of China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income, the withholding tax rate on dividends paid by a PRC resident enterprise to a Hong Kong resident enterprise is further reduced to 5% if the Hong Kong resident enterprise holds at least 25% equity interests in the PRC resident enterprise.

10. DIVIDENDS

The directors of the Company did not recommend payment of any final dividend for the year ended 31 March 2023 (2022: Nil).

11. (LOSS)/EARNINGS PER SHARE

From continuing and discontinued operations

The calculation of basic and diluted (loss)/earnings per share is based on the following:

	2023	2022
	HK$'000	*HK$'000*
(Loss)/earnings:		
(Loss)/earnings for the purpose of calculating basic and diluted (loss)/earnings per share ((loss)/profit for the year attributable to owners of the Company)	**(21,707)**	19,678

	2023	2022
	'000	*'000*
Number of shares:		
Weighted average number of ordinary shares for the purpose of calculating basic and diluted (loss)/earnings per share	**767,600**	767,600

Note:

There were no adjustments for the effects of potential ordinary shares arising from outstanding share options as the respective average share price of the Company during the years ended 31 March 2022 and 2023 did not exceed the exercise price of the then outstanding share options, hence they were anti-dilutive and ignored in the calculation of diluted (loss)/earnings per share.

The denominators used are the same as those detailed above for both basic and diluted (loss)/earnings per share for continuing and discontinued operations.

From continuing operations

The calculation of the basic and diluted earnings per share from continuing operations is based on the following:

	2023	2022
	HK$'000	*HK$'000*
Earnings:		
Earnings for the purpose of calculating basic and diluted earnings per share (profit for the year attributable to owners of the Company arising from continuing operations)	**1,758**	17,795

From discontinued operation

Basic and diluted loss per share from the discontinued operation is HK3.1 cents per share (2022: HK0.2 cents earnings per share), based on the loss for the year from discontinued operation attributable to the owners of the Company of approximately HK$23,465,000 (2022: profit for the year of approximately HK$1,883,000) and the denominators used are the same as those detailed above for both basic and diluted (loss)/earnings per share.

12. TRADE RECEIVABLES

	2023	2022
	HK$'000	*HK$'000*
Trade receivables	**13,021**	21,884
Less: Allowance for credit losses	**(967)**	(941)
	12,054	20,943

For customers that the Group provides engineering services on steel and metal works, the Group normally grants credit terms of 30 days from the date of certificate on progress payments of contract works. For customers that the Group sells metal and steel products, except for certain major customers of which the Group grants a credit period of up to 60 days from the delivery of goods, the Group grants no credit terms to other customers and they are to settle payment in full upon delivery of goods. The following is an ageing analysis of the trade receivables denominated in HK$ and presented based on the date of certificate on progress payments of contract works or the invoice date which approximates the date of revenue recognition for sales of metal and steel products at the end of the reporting period:

	2023	2022
	HK$'000	*HK$'000*
0–30 days	**5,379**	8,206
31–60 days	**1,564**	5,163
61–90 days	**2,354**	951
Over 90 days	**2,757**	6,623
	12,054	20,943

13. TRADE AND OTHER PAYABLES AND ACCRUALS

	2023	2022
	HK$'000	*HK$'000*
Trade payables	**2,821**	3,807
Accrued staff costs	**8,607**	9,085
Accruals and others	**2,848**	13,251
Total	**14,276**	26,143

The credit period granted to the Group by suppliers normally ranges from 0 to 60 days. The following is an ageing analysis of trade payables presented based on the invoice date at the end of the reporting period:

	2023	2022
	HK$'000	*HK$'000*
0–30 days	**1,484**	2,180
31–60 days	**636**	825
61–90 days	**697**	10
Over 90 days	**4**	792
	2,821	3,807

14. BANK BORROWING

The carrying amounts of the Group's bank borrowing are repayable as follows:

	2023	2022
	HK$'000	*HK$'000*
Within one year	**220**	220
Portion of borrowing that are due for repayment after one year but contain a repayment on demand clause	**3,520**	3,740
Amount due for settlement within 12 months (shown under current liabilities)	**3,740**	3,960

At the end of the reporting period, the bank borrowing is secured by the deposit placed for a life insurance policy of approximately HK$5,545,000 (2022: HK$5,343,000) and a corporate guarantee granted by the Company.

During both years, the Group had breached certain financial covenant terms in relation to the debt-asset ratio requirements of the Group which constitute an early repayment option by the bank in relation to bank borrowing with an aggregate amount of approximately HK$3,740,000 (2022: HK$3,960,000). The bank has not requested for the early repayment of the bank borrowing and the Group has fully repaid the borrowing with its existing working capital subsequently. Notwithstanding the above, the directors of the Company believes that adequate sources of finance are available to ensure that there is no threat to the continuing operations of the Group.

The borrowing is denominated in HK$.

The interest rate per annum at the end of the reporting period is as follows:

	2023	2022
Variable interest rate:		
— Bank borrowing	4.30%	1.06%

The bank borrowing is arranged at floating rates, thus exposing the Group to cash flow interest rate risk.

15. SHARE CAPITAL

	2023	2022
	HK$'000	*HK$'000*
Authorised:		
3,800,000,000 ordinary shares of HK$0.01 each	**38,000**	38,000
Issued and fully paid:		
767,600,000 ordinary shares of HK$0.01 each	**7,676**	7,676

There was no movement in the Company's share capital for the years ended 31 March 2023 and 2022.

AUDIT OPINION

RSM Hong Kong, the independent auditor of the Company, has issued a disclaimer opinion on the consolidated financial statements of the Group for the year ended 31 March 2023. An extract of the independent auditor's report is set out below.

EXTRACT OF THE INDEPENDENT AUDITOR'S REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

Unmodified Opinion on the Consolidated Financial Position

In our opinion, the consolidated statement of financial position give a true and fair view of the financial position of the Group as at 31 March 2023, in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**"), and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Disclaimer of Opinion on the Consolidated Financial Performance and Consolidated Cash Flows

Because of the significance of the matters described in the Basis for Unmodified Opinion on the Consolidated Financial Position and Basis for Disclaimer of Opinion on the Consolidated Financial Performance and Consolidated Cash Flows section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows of the Group for the year ended 31 March 2023. Accordingly, we do not express an opinion on the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows of the Group for the year ended 31 March 2023.

Basis for Unmodified Opinion on the Consolidated Financial Position and Basis for Disclaimer of Opinion on the Consolidated Financial Performance and Consolidated Cash Flows

As stated in section entitled *"Suspension of trading in shares of the Company and Investigation"* in note 2(a) to the consolidated financial statements, the board of directors of the Company as of the date of this report (the "**Newly-Constituted Board**") was of the opinion that certain payments of prepayments, deposits and advances ("**PPDA**") transactions (also known as "**Incident Transactions**") that occurred during the years ended 31 March 2019 and 2020, involving HY China Investment Company Limited ("**HY China**"), a wholly-owned subsidiary of the Company and its subsidiaries (the "**HY China Group**") were considered to be suspicious and may not have been entered into under normal commercial arrangement.

As further explained in the section entitled "*Voluntary winding up and de-consolidation of the PRC business*" in note 2(c) to the consolidated financial statements, the Newly-Constituted Board advised that since the departure of certain former key management personnel who were responsible for the operational, financial and accounting matters of the HY China Group in 2020, whom the Group were unable to contact after their departure, the Company has retained the basic business records of the HY China Group, including but not limited to management accounts, ledgers and sub-ledgers accounts, certain vouchers, bank statements, certain agreements and documentations (collectively referred to as the "**Basic Records**"), that were left behind by the former key management personnel and accounting departments of the HY China Group as far as possible. The Basic Records were not considered to be of a sufficient level for our audit purposes. More specific business records and supporting explanations of the HY China Group's accounting records were needed for our audit, including but not limited to, (i) certain supporting documents of certain business transactions, such as invoices, receipts and purchase orders; (ii) detailed explanation of the accounting entries made (collectively, the "**Specific Records**").

In the absence of the Specific Records of the HY China Group following the departure of certain former key management personnel in 2020, the Newly-Constituted Board considered that they could only use their best endeavor to preserve the books and records that were left behind by the former key management personnel and the accounting department and they were unable to determine whether these Specific Records were complete in the first place, and they had no other access to such Specific Records despite they have taken all reasonable steps and have used their best endeavor to locate such Specific Records.

The Newly-Constituted Board has resolved to voluntarily wind up HY China on 18 January 2023. The joint and several liquidators (the "**HY China Liquidators**") were appointed to HY China, pursuant to the written resolutions of the sole shareholder of HY China dated 23 February 2023. The HY China Liquidators are empowered to, inter alia, preserve the assets of HY China and take control of and exercise all rights which

HY China may have in relation to entities in which HY China holds an interest. Accordingly, HY China Group was de-consolidated from the consolidated financial statements of the Group with effect from 24 February 2023. The operation of HY China Group was discontinued on the same date. The result of the discontinued operation, including the recovery of loss on Incident Transactions and the loss on the de-consolidation of the HY China Group is presented as a single amount in the consolidated statement of profit or loss and other comprehensive income in accordance with HKFRS 5 Non-current Assets Held for Sale and Discontinued Operations.

As a result of the above matters, we have not been able to obtain sufficient appropriate audit evidence to ascertain whether the result for the year from discontinued operation and other related disclosure notes in relation to the HY China Group, as included in the consolidated financial statements of the Group, have been accurately recorded and properly accounted for in the consolidated financial statements.

Accordingly, we were unable to determine whether any adjustments might have been found necessary in respect of recorded or unrecorded transactions and the elements making up the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year ended 31 March 2023.

Opening balances and the comparative information

As described in the preceding paragraphs, due to the absence of sufficient supporting documents and more detailed explanations in relation to the accounting records in connection to the opening balances and comparative information made available to Newly-Constituted Board from the former key management personnel of the Group in respect of the Incident Transactions and HY China Group, we were unable to obtain sufficient appropriate audit evidence over the account balances as at 31 March 2022 and the profit or loss, cash flows, changes in equity and notes to financial statements of the Group and the Company for the year then ended. Any adjustments that might have been found necessary to the Group's consolidated statement of financial position as at 31 March 2022 and 1 April 2022 would have a consequential effect on the Group's consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year ended 31 March 2023.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Overview

Over the past year, the progress of tendering of public projects in Hong Kong has inevitably been affected by the Coronavirus COVID-19 ("**COVID-19**") pandemic. However, with the Hong Kong government ("**Hong Kong Government**") strong commitment in increasing land supply for housing and the number of public housing units, the construction market remain promising.

Review of operations and business development

During FY2023, the Group secured the following major steel and metal works contracts (with contract sum of more than HK$10 million):

Project type	**Location**
Public Housing Development	Shek Pai Wan
Public Housing Development	Kwun Tong
Public Housing Development	Sheung Shui

Hong Kong

The Group's engineering services range from design, manufacture, supply to installation of steel and metal products such as roller shutters and metal doors for construction projects in Hong Kong. It serves customers including construction companies and engineering companies on a project-by-project basis.

During FY2023, the Group recorded a revenue approximately HK$184.9 million (2022: 203.6 million) and secured new contracts with aggregate contract sum of HK$110.1 million. The decrease in revenue was due to the delay in construction progress which was caused by the delay in design finalization process in sample flat of the projects which lead to less works carried in the second half of the year.

As at 31 March 2023, the total value of contracts on hand which the performance obligation that were unsatisfied (or partially unsatisfied was) HK$243.5 million.

EVENTS SUBSEQUENT TO THE END OF THE REPORTING PERIOD

Save as disclosed in the announcements of the Company dated 13 April 2023 and 21 April 2023 in relation to the resumption, the Group had no other significant event requiring disclosure subsequent to 31 March 2023 and up to the date of this announcement.

OUTLOOK

Hong Kong

The construction industry in Hong Kong remains promising despite the COVID-19 pandemic and should benefit from the Hong Kong Government's unwavering commitment to housing issue. In view of the Hong Kong Government's stimulus plans in housing and infrastructure, the Group will focus on its construction business in Hong Kong in the coming years. As stated in the Chief Executive's 2022 Policy Address (the "**Policy Address**"), the Hong Kong Government is determined to resolve the housing issue with 330,000 public housing units to be built in coming ten-year period (i.e. from 2022–23 to 2031–32) which is two times the amount built in the last ten-year period (actual production was 156,000 from 2012–13 to 2022–23). The then Chief Executive was committed to further boosting public housing supply partly by invoking land resumption to resume certain private land. The Hong Kong Government has also been formulating policies to ensure the effective use of land resources, in particular, the construction of New Development Areas such as Kwu Tung North and Fanling North New Development Area providing approximately 350,000 housing units upon its full development, and the inclusion of land in Lau Fau Shan and Tsim Bei Tsui into the Hung Shui Kiu/Ha Tsuen New Development Area providing more than 47,000 residential units. Other growth opportunities are presented by policies including the development of Kau Yi Chau Artificial Islands as part of the Lantau Tomorrow Vision, the Tung Chung new town extension, the public housing development at Cha Kwo Ling Village and redevelopment of Yau Tong and Lei Yue Mun. All such government policies and strategies are positive signals to the construction industry. Accordingly, the demand for steel and metal products, metal gates, shutters and fire rated doors is expected to increase as they are essential components of new buildings.

As the Group mainly focus on the steel and metal engineering services for the public rental housing sector, such policy and determination of the Hong Kong Government would benefit the Group and be a strong incentive for the Group to focus on its core business.

Further, the constant need for renovation and refurbishment of public housing and facilities and renovation and fitting out works for commercial properties has also created stable demand for steel and metal engineering services, particularly metal gates, shutters and doors, staircase handrails, structural frames, louvre frames, brackets, fencing and ceiling tiles.

However, shortage of skilled labour, high construction cost and increasing competition still remain to be the major challenges for the construction industry. As such, cost control and new construction technique will be a key factor for success. The Group will remain innovative and strive to maintain its position in Hong Kong.

PRINCIPAL RISKS AND UNCERTAINTIES

There are certain risks involved in the Group's operations, many of which are beyond the Group's control, including but not limited to those relating to the business and the industry. Some of the major risks the Group facing include the following:

- Our revenue relies on successful quotation or tenders of engineering services projects which are not recurrent in nature, and there is no guarantee that our customers will provide us with new business or that we will secure new customers;

- Reduction or termination of public sector projects in Hong Kong may adversely affect our revenue and results of operations;

- Failure to estimate the costs involved accurately in the implementation of the project and delay in completion of the project which may adversely affect our operating results and financial position; and

- We plan to expand our capacity by acquiring equipment and expanding manpower which may result in an increase in expense and staff costs which may adversely affect our operating results and financial position.

FINANCIAL REVIEW

Revenue from continuing operations

The revenue of the Group has decreased by approximately 9.2% from approximately HK$203.6 million in FY2022 to approximately HK$184.9 million in FY2023.

The decrease in revenue was driven by the delay in design finalization process in sample flat of the projects which lead to less works carried in the second half of the year.

In order to counter the construction delays, the Group accepted small quantity orders and short terms projects which have lower gross profit margin than the long term projects.

Direct costs from continuing operations

Our direct costs primarily consist of direct material costs, direct labour costs, installation service fees, sub-contracting costs and other costs.

The direct costs increased by approximately 1.4% from approximately HK$160.3 million in FY2022 to approximately HK$162.5 million in FY2023. The increase was mainly attributable to 1) lower profit margin for sales of steel and metal products and 2) revenue certified by the customers was comparatively lower than the actual costs incurred in the early stage of the project.

Gross profit and gross profit margin from continuing operations

The gross profit of the Group decreased by approximately 48.4% from approximately HK$43.3 million in FY2022 to approximately HK$22.4 million in FY2023 and the gross profit margin decreased from approximately 21.3% for FY2022 to approximately 12.0% for FY2023.

The decrease in gross profit margin was driven by 1) the delay in design finalization process in sample flat; and 2) the increased transportation cost as a result of the cross-border transportation restrictions between Hong Kong and PRC during FY2023.

Other income and other gains and losses from continuing operations

Other income and other gains and losses of the Group has decreased from approximately HK$5.1 million in FY2022 to approximately HK$2.4 million in FY2023.

The other income and other gains and losses for FY2023 mainly comprise of the government subsidies of HK$3.5 million while offset by the net foreign exchange losses of HK$1.5 million.

The other income and other gains and losses for FY2022 mainly comprise of the recovery of loss on the Incident Transactions of HK$3.0 million and net foreign exchange gains of HK$0.7 million.

Finance costs from continuing operations

Finance cost decreased from approximately HK$0.3 million in FY2022 to approximately HK$0.1 million in FY2023. The decrease was primarily associated with the decrease in bank interest expenses arising from the decrease in average bank loan balances.

Administrative expenses from continuing operations

Administrative expenses decreased by approximately 19.4% from approximately HK$26.9 million in FY2022 to approximately HK$21.7 million in FY2023. The decrease was driven by the decrease in legal and professional fees.

Income tax expense from continuing operations

The income tax expense decreased from approximately HK$3.4 million in FY2022 to approximately HK$1.2 million in FY2023. The decrease in tax expense was in line with the decrease in the operating profits.

Profit from continuing operations

The Group recorded profit for the year from continuing operations amounted to approximately HK$1.8 million for the year ended 31 March 2023 as compared to profit for the year for continuing operations amounted to approximately HK$17.8 million for the year ended 31 March 2022.

The decrease mainly due to the delay of construction progress which lead to decrease in orders and the extraordinary increase in construction cost as a result of supply chain disruption and labor shortage.

(Loss)/profit for the year from discontinued operation

The discontinued operation recorded a loss of HK$21.2 million in FY2023 while recorded a profit of HK$3.2 million in FY2022.

The decrease was mainly arise from the loss on de-consolidation of subsidiaries of HK$27.0 million.

(Loss)/profit attributable to the owners of the Company

As a result of the loss on de-consolidation from discontinued operation, the Group recorded loss of approximately HK$21.7 million in FY2023 as against a profit attributable to the owners of the Company of approximately HK$19.7 million in FY2022.

LIQUIDITY AND CAPITAL RESOURCES

As at 31 March 2023, the Group had total cash and cash equivalents of approximately HK$79.4 million (2022: HK$54.9 million), total assets of approximately HK$189.5 million (2022: HK$193.1 million) and total interest-bearing debts of approximately HK$3.7 million (2022: HK$4.0 million).

The gearing ratio of the Group, calculated based on the total interest-bearing debts (including bank borrowings) divided by the total equity attributable to owners of the Group as at the end of the respective years and multiplied by 100%, was approximately 2.2% (2022: approximately 2.4%). The Group considers the use of debt financing as one of the key funding sources for business expansion after considering the current market interest rate level.

Cash and cash equivalents

There was an increase in the balance of cash and cash equivalents of approximately HK$24.5 million from approximately HK$54.9 million as at 31 March 2022 to approximately HK$79.4 million as at 31 March 2023.

During FY2023, the Group has a net cash inflow of approximately HK$27.5 million in its operating activities, a net cash outflow of approximately HK$2.7 million in its investing activities (mainly due to new cash outflow on purchase of property, plant and equipment and de-consolidation of subsidiaries), and a net cash outflow of approximately HK$0.6 million in its financing activities (mainly due to repayment of bank borrowing and lease liabilities).

Borrowing

The major source of debt financing of the Group was mainly borrowing from a bank. As at 31 March 2023, the Group had bank borrowing of approximately HK$3.7 million (2022: HK$4.0 million). During both years, the Group had breached certain financial covenant terms in relation to the debt-asset ratio requirements of the Group which constitute an early repayment option by the bank in relation to bank borrowing with an aggregate amount of approximately HK$3,740,000 (2022: HK$3,960,000). The bank borrowing was at floating rate of Hong Kong Interbank Offered Rate ("**HIBOR**") plus 0.8% per annum (2022: HIBOR plus 0.8–2.0% per annum). The bank borrowing was fully repaid on 15 May 2023.

CHARGE ON THE GROUP'S ASSETS

As at 31 March 2023, the investment in life insurance contract of the key management of the Group of approximately HK$5.5 million (2022: HK$5.3 million) was pledged to the bank to secure the general facility granted to the Group.

LITIGATION, CLAIMS AND NON-COMPLIANCES

For FY2023, the Group was not engaged in any material litigation or arbitration and no material litigation or claim is known to the directors to be pending or threatened against the Group.

FOREIGN EXCHANGE EXPOSURE

The Group undertakes certain operating transactions in foreign currencies, which expose the Group to foreign currency risk, mainly pertaining to the risk of fluctuations in the Hong Kong dollars against Renminbi.

The Group has not used any derivative contracts to hedge against its exposure to currency risk. The Group will continue to monitor foreign currency risk exposure and will consider hedging significant foreign currency risk should the need arise.

INTEREST RATE RISK

The Group is exposed to interest rate risk primary to the bank facilities with floating interest rate. For FY2022 and FY2023, the Group did not have any interest rate hedging policy. However, the management will continue to closely monitor the Group's interest risk exposure and will consider hedging interest rate risk when necessary.

CAPITAL EXPENDITURE AND CAPITAL COMMITMENT

For FY2023, the Group has contributed approximately HK$2.0 million in the acquisition of property, plant and equipment. The contributions are mainly for the expansion of our production capacity, of which approximately HK$1.8 million was financed by the net proceeds from the listing (the "**Listing**") of the shares (the "**Shares**") of the Company on the Stock Exchange.

As at 31 March 2023, the Group had approximately HK$0.4 million expenditure contracted for but not provided for in the consolidated financial statements in respect of acquisition of certain plant and equipment (2022: HK$0.6 million).

CONTINGENT LIABILITIES

The Group did not have any material contingent liabilities as at 31 March 2022 and 31 March 2023.

MATERIAL ACQUISITION AND DISPOSALS OF SUBSIDIARIES AND ASSOCIATED COMPANIES

As disclosed in the annual report of FY2022 and note 2 of this announcement, the Newly-Constituted Board has resolved to voluntarily wind up HY China and HY China Group were de-consolidated from the consolidated financial statements of the Group with effect from 24 February 2023.

Save as disclosed above, there was no material acquisition or disposal of subsidiaries, associates and joint venture by the Group during the year ended 31 March 2023.

USE OF PROCEEDS

The Company has raised gross proceeds of approximately HK$161.5 million through the global offering upon the Listing. After deducting the listing expenses, the net proceeds (the "**Net Proceeds**") amounted to approximately HK$130.0 million. Such net proceeds are intended to be applied in the same manner and the same proportion as disclosed in the section headed "Future Plans and Use of Proceeds" of the prospectus of the Company dated 28 September 2018 (the "**Prospectus**"), the below table sets out the proposed application and the status of utilisation.

As at 31 March 2023, the net proceeds from the global offering had been applied as follows:

	Planned (HK$'000)	Net Proceeds Utilised as at 31 March 2022 (HK$'000)	Net Proceeds Utilised during the year ended 31 March 2023 (HK$'000)	Net Proceeds Utilised as at 31 March 2023 (HK$'000)	Unutilised (HK$'000)	Estimated Schedule (Note)
Acquiring machines to replace and enhance the Group's production capacity	51,200	15,537	1,766	17,303	33,897	2023–2024
Expanding the Group's workforce in Hong Kong and the PRC	33,700	21,766	9,873	31,639	2,061	2023–2024
Renovation and re-design of the Group's existing production facilities	24,100	903	—	903	23,197	2023–2024
Purchasing delivery trucks	5,000	2,853	—	2,853	2,147	2023–2024
Upgrading the Group's information technology system and equipment	3,500	3,500	—	3,500	—	Fully utilised
General working capital	12,500	12,500	—	12,500	—	Fully utilised
	130,000	57,059	11,639	68,698	61,302	

Note: The estimated schedule for utilising the remaining proceeds is based on the best estimation made by the Group on future market condition and may change with the current market condition and future development.

As at 31 March 2023, the Group had not yet utilised the proceeds for (a) expanding the Group's workforce in Hong Kong and the PRC, and (b) the renovation and re-design of the Group's existing production facilities as planned. The delay in utilisation of the proceeds was due to COVID-19 pandemic which significantly affected the timeline and cost of the construction.

For the balance over acquiring machines to replace and enhance the Group's production capacity, the Net Proceeds utilised as at 31 March 2023 included an amount of HK$9.5 million related to the Alleged Bogus Transactions. The Group will continue to take action to recover the outstanding amount.

The Group will continue to apply the Net Proceeds in accordance with the disclosure in the section headed "Future Plans and Use of Proceeds" in the Prospectus.

FINAL DIVIDEND

The Board does not recommend the payment of a final dividend for FY2023.

EMPLOYEES AND REMUNERATION POLICY

The Group has a total of 274 employees in Hong Kong and the PRC as at 31 March 2023. The total salaries and related costs granted to employees amounted to approximately HK$70.4 million in FY2023. The remuneration packages of employees are determined based on their qualifications, position and experience. The Group has designed an annual review system to assess the performance of its employees, which forms the basis of its decisions with respect to salary raises, bonuses and promotions.

The remuneration of the directors is decided by the Board upon the recommendation from the remuneration committee of the Company with reference to the relevant director's experience, responsibilities, workload, performance and the time devoted to the Group.

SHARE OPTION SCHEME

The Company conditionally adopted a share option scheme (the "**Share Option Scheme**") pursuant to a written resolution passed by the shareholder on 19 September 2018, for the primary purpose of motivating the directors, employees and other eligible participants as specified under the Share Option Scheme to optimise their performance and efficiency for the benefit of the Group, and to attract and retain business relationship with the eligible participants whose contributions are, will or expected to be beneficial to the Group. The Share Option Scheme became unconditional upon the listing date.

The movements of share options during FY2023 were as follows:

Category of grantees	**Date of grant**	**Exercisable period**	**Exercise price per Share** *(HK$)*	**Granted**	**As at 31 March 2022**	**Forfeited**	**As at 31 March 2023**
Senior management and other employees	11 January 2019	11 January 2022 to 10 January 2024	1.53	4,400,000	3,850,000	(320,000)	3,530,000
		11 January 2023 to 10 January 2024	1.53	4,400,000	3,850,000	(320,000)	3,530,000

CORPORATE GOVERNANCE

The Company is committed to maintain a high standard of corporate governance to safeguard the interests of the Shareholders, enhance corporate value, formulate its business strategies and policies, and enhance its transparency and accountability. The Company has adopted the Corporate Governance Code (the "**CG Code**") as set out in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") as its own code of corporate governance. The Board is of the view that the Company has complied with all the applicable code provisions of the CG Code during the year ended 31 March 2023.

CORPORATE GOVERNANCE PRACTICES

During the year, the Company complied with all applicable code provisions set out in the CG Code, except for the following deviations from CG Code.

	Code Provision	Deviation	Considered Reason for Deviation
C.2.1	The roles of chairman and chief executive officer should be separated and should not be performed by the same individual.	Mr. Sin Kwok Chi Stephen ("**Mr. Sin**") is the chairman and chief executive officer of the Company between 21 October 2022 to 18 January 2023.	Mr. Sin is mainly responsible for overseeing the overall operation and management, strategic planning and major decision making of the Group, and he has considerable experience in strategic planning and monitoring day to day business of the Group. The Board considers that vesting the roles of chairman and chief executive officer in the same person would allow the Company to be more effective and efficient in developing long term business strategics and executing business plans. The balance of power and authority is ensured by the operation of the senior management and the Board, which comprises experienced and high caliber individuals. Since 18 January 2023, the position of chairman has been held by Mr. Leung Fuk Shun and chief executive officer has been held by Mr. Sin, which is in compliance with the code provision.
C.1.8	The Company should arrange appropriate insurance cover in respect of legal action against the Directors.	The Company has not arranged for appropriate insurance cover in respect of legal action against its directors during the year.	The Company is in the course of arranging renewal of the Director's and Officers liability insurance with the insurance company in accordance with the requirement under the CG Code.

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 set out in Appendix 10 of the Listing Rules (the "**Model Code**") as its own code of conduct governing securities transactions by the directors. Specific enquiries have been made to all directors and the directors have confirmed that they have complied with the Model Code during the year ended 31 March 2023.

PURCHASE, SALES OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During FY2023, neither the Company nor any of its subsidiaries redeemed, purchased or sold any of the listed securities of the Company.

PUBLIC FLOAT

As at the date of this announcement, based on the information that is publicly available to the Company and within the knowledge of the directors, the Company has maintained the prescribed public float under the Listing Rules.

REVIEW OF FINANCIAL STATEMENTS

The consolidated financial statements of the Group for the year ended 31 March 2023, including the accounting principles and practices adopted by the Group, have been reviewed by the audit committee of the Company (the "**Audit Committee**") and audited by the auditor of the Company (the "**Auditor**"), RSM Hong Kong.

REVIEW OF THIS ANNUAL RESULTS ANNOUNCEMENT

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 auditors, RSM Hong Kong, to the amounts set out in the Group's draft consolidated financial statements for the year. The work performed by RSM Hong Kong in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by RSM Hong Kong on the preliminary announcement.

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This results announcement is published on the website of the Stock Exchange at www.hkexnews.hk and the Company's website at www.hy-engineering.com. The annual report of the Group for the year ended 31 March 2023 containing all information required by the Listing Rules will be despatched to shareholders and will also be published on the websites of both the Stock Exchange and the Company in due course.

AGM AND CLOSURE OF REGISTER OF MEMBERS

The 2023 AGM of the Company will be held in Hong Kong on 4 September 2023. Notice of the AGM will be issued and disseminated to the Shareholders in due course. To ascertain the entitlement to attend and vote at the 2023 AGM, the register of members of the Company will be closed from 30 August 2023 to 4 September, (both days inclusive) during which period no transfer of shares will be registered. In order to qualify for attending and voting at the AGM, all share transfer documents accompanied by the relevant share certificates must be lodged 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 for registration not later than 4:30 p.m. on 29 August 2023.

By order of the Board
Hang Yick Holdings Company Limited
Leung Fuk Shun
Chairman

Hong Kong, 30 June 2023

As at the date of this announcement, the Board comprises Mr. Sin Kwok Chi Stephen and Mr. Ho Chi Yuen as executive Directors, and Mr. Leung Fuk Shun (Chairman), Mr. Law Chi Hung and Mr. Cheung Chun Man Anthony as independent non-executive Directors.