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Yuk Wing Group Holdings Limited
煜榮集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1536)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2017

The board (the "**Board**") of directors (the "**Director(s)**") of Yuk Wing Group Holdings Limited (the "**Company**") announces the unaudited consolidated interim results of the Company and its subsidiaries (collectively the "**Group**") for the six months ended 30 September 2017 (the "**Reporting Period**") together with the comparative figures for the corresponding period in 2016 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 September 2017

		Six months ended 30 September	
	Notes	**2017** *HK\$'000* **(unaudited)**	2016 *HK\$'000* (unaudited)
Revenue	*3*	**39,622**	63,963
Cost of sales		**(22,190)**	(34,346)
Gross profit		**17,432**	29,617
Other income		**2,627**	856
Other gains and losses	*4*	**(98)**	1,616
Selling and distribution expenses		**(2,193)**	(2,322)
Administrative expenses		**(11,594)**	(11,122)
Listing expenses		**–**	(11,533)
Finance costs	*5*	**(298)**	(367)
Profit before tax	*6*	**5,876**	6,745
Income tax expense	*7*	**(1,460)**	(3,452)
Profit for the period		**4,416**	3,293
Profit for the period attributable to:			
Owners of the Company		**2,157**	946
Non-controlling interests		**2,259**	2,347
		4,416	3,293
Earnings per share, basic (HK cents)	*9*	**0.57**	0.32

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the six months ended 30 September 2017

	Six months ended 30 September	
	2017	2016
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Profit for the period	**4,416**	3,293
Other comprehensive income (expense):		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences arising on translation of foreign operations	**1,225**	(602)
Total comprehensive income for the period	**5,641**	2,691
Total comprehensive income for the period attributable to:		
Owners of the Company	**2,806**	776
Non-controlling interests	**2,835**	1,915
	5,641	2,691

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2017

	Notes	At 30 September 2017 HK$'000 (unaudited)	At 31 March 2017 HK$'000 (audited)
Non-current assets			
Property, plant and equipment	*10*	**10,447**	11,288
Deposits placed at an insurance company		**4,383**	4,340
Deferred tax assets		**27**	37
		14,857	15,665
Current assets			
Inventories		**35,094**	32,834
Trade and other receivables	*11*	**34,338**	30,839
Tax recoverable		**–**	830
Bank balances and cash		**89,803**	100,856
		159,235	165,359
Current liabilities			
Trade and other payables	*12*	**5,810**	6,084
Tax payable		**5,040**	4,422
Bank borrowings	*13*	**6,959**	19,876
		17,809	30,382
Net current assets		**141,426**	134,977
Total assets less current liabilities		**156,283**	150,642
Capital and reserves			
Share capital	*14*	**38,000**	38,000
Reserves		**92,878**	90,072
Equity attributable to owners of the Company		**130,878**	128,072
Non-controlling interests		**25,405**	22,570
		156,283	150,642

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2017

1. GENERAL

Yuk Wing Group Holdings Limited ("**the Company**") was incorporated and registered as an exempted company with limited liability in the Cayman Islands under the Companies Law Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands on 17 March 2016. The shares of the Company have been listed on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") since 11 January 2017.

2. PRINCIPAL ACCOUNTING POLICIES

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

Except as described below, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 September 2017 are the same as those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 March 2017.

In the current interim period, the Group has applied, for the first time, the following amendments to Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the HKICPA that are relevant for the preparation of the Group's condensed consolidated financial statements:

Amendments to HKAS 7	Disclosure Initiative
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses
Amendments to HKFRS 12	As part of the Annual Improvements to HKFRSs 2014 – 2016 Cycle

The application of the above amendments to HKFRSs in the current period has had no material effect on the amounts reported in these condensed consolidated financial statements and/or disclosures set out in these condensed consolidated financial statements.

3. REVENUE AND SEGMENT INFORMATION

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

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

The details of the Group's reportable segments are as follows:

(i) Manufacturing and trading of DTH rockdrilling tools which include design, manufacturing and trading of DTH rockdrilling tools

(ii) Trading of piling and drilling machineries

(iii) Trading of rockdrilling equipment

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

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

For the six months ended 30 September 2017

	Manufacturing and trading of DTH rockdrilling tools *HK$'000*	**Trading of piling and drilling machineries** *HK$'000*	**Trading of rockdrilling equipment** *HK$'000*	**Total** *HK$'000*
Segment and external sales	**29,158**	**3,728**	**6,736**	**39,622**
RESULTS				
Segment result	**15,514**	**612**	**1,306**	**17,432**
Unallocated expenses				**(13,787)**
Other income				**2,627**
Other gains and losses				**(98)**
Finance costs				**(298)**
Profit before tax				**5,876**

For the six months ended 30 September 2016

	Manufacturing and trading of DTH rockdrilling tools *HK$'000*	Trading of piling and drilling machineries *HK$'000*	Trading of rockdrilling equipment *HK$'000*	Total *HK$'000*
Segment and external sales	48,805	6,098	9,060	63,963
RESULTS				
Segment result	23,394	2,564	3,659	29,617
Unallocated expenses				(13,444)
Other income				856
Other gains and losses				1,616
Listing expenses				(11,533)
Finance costs				(367)
Profit before tax				6,745

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment result represents the profit earned by each segment without allocation of unallocated expenses (mainly including general office expenses, selling and distribution expenses and unallocated depreciation), other income, other gains and losses, listing expenses and finance costs. This is the measure reported to the CODM of the Company for the purposes of resource allocation and performance assessment.

4. OTHER GAINS AND LOSSES

	Six months ended 30 September	
	2017	2016
	HK$'000	*HK$'000*
Net foreign exchange (loss) gain	**(98)**	482
Gain on disposal of property, plant and equipment	**–**	1,134
	(98)	1,616

5. FINANCE COSTS

	Six months ended 30 September	
	2017	2016
	HK$'000	*HK$'000*
Interest on bank borrowings	**298**	367

6. PROFIT BEFORE TAX

	Six months ended 30 September	
	2017	2016
	HK$'000	*HK$'000*
Profit for the period has been arrived at after charging:		
Depreciation of property, plant and equipment	**367**	549
Depreciation of property, plant and equipment capitalised in inventories	**935**	1,081
Cost of inventories recognised as expense	**22,190**	34,346
Operating lease rental in respect of minimum lease payments of rental premises	**1,758**	1,932

7. INCOME TAX EXPENSE

	Six months ended 30 September	
	2017	2016
	HK$'000	*HK$'000*
The charge comprises:		
Current period		
Hong Kong	**947**	3,192
PRC Enterprise Income Tax	**503**	260
	1,450	3,452
Deferred tax	**10**	–
	1,460	3,452

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both periods.

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

8. DIVIDENDS

On 15 July 2016, the board of directors of the Company have declared interim dividends of HK$0.077 per share, amounting to approximately HK$23,120,000, to the owners of the Company in respect of retained earnings for the year ended 31 March 2016.

The directors of the Company do not recommend the payment of an interim dividend for the six months ended 30 September 2017.

9. EARNINGS PER SHARE

	Six months ended 30 September	
	2017	2016
	HK$'000	*HK$'000*
Earnings:		
Earnings for the purpose of calculating basic earnings per share: profit for the period attributable to the owners of the Company	**2,157**	946
	'000	*'000*
Number of shares:		
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	**380,000**	300,000

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

The number of ordinary shares for the purpose of calculating basic earnings per share for both periods has been determined on the assumption that the group reorganisation to enable the Company to become the holding company of the Group ("**Group Reorganisation**") had been effective on 1 April 2016 and the 300,000,000 shares in issue upon completion of the Group Reorganisation.

On 11 January 2017, upon listing on the Stock Exchange, the Company issued an additional 80,000,000 ordinary shares.

10. PROPERTY, PLANT AND EQUIPMENT

During the current period, the Group acquired certain property, plant and equipment amounting to HK$68,000 (six months ended 30 September 2016: HK$3,287,000).

During the current period, the Group disposed of property, plant and equipment which were fully depreciated (six months ended 30 September 2016: with aggregate carrying amount of HK$1,375,000).

11. TRADE AND OTHER RECEIVABLES

	At 30 September 2017 HK$'000	At 31 March 2017 HK$'000
Trade receivables	**31,802**	26,432
Other receivables, deposits and prepayments	**2,536**	4,407
	34,338	30,839

The Group grants an average credit period ranged from 30 days to 90 days upon delivery of goods to its customers. The following is an aged analysis of trade receivables based on delivery dates, net of allowance for doubtful debts at the end of each reporting period:

	At 30 September 2017 HK$'000	At 31 March 2017 HK$'000
0 to 30 days	**4,784**	5,373
31 to 60 days	**4,824**	4,072
61 to 90 days	**6,774**	774
91 to 180 days	**5,723**	11,925
181 days to 1 year	**7,046**	3,453
Over 1 year	**2,651**	835
	31,802	26,432

12. TRADE AND OTHER PAYABLES

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

	At 30 September 2017 HK$'000	At 31 March 2017 HK$'000
0 to 30 days	**1,336**	512
31 to 60 days	**189**	37
61 to 90 days	**–**	–
91 to 180 days	**14**	420
	1,539	969

13. BANK BORROWINGS

During the current period, the Group raised bank borrowings of HK$245,000 (six months ended 30 September 2016: HK$26,890,000), and repaid bank borrowings of HK$13,162,000 (six months ended 30 September 2016: HK$10,889,000) respectively.

Bank borrowings amounting to HK$6,959,000 are guaranteed by the Company (31 March 2017: HK$19,876,000) and deposits placed at an insurance company amounting to HK$4,383,000 (31 March 2017: HK$4,340,000) were pledged to secure general banking facilities granted to the Group during the period.

The bank borrowings as at 30 September 2017 carry interest at prime rate in Hong Kong or Hong Kong's Interbank Offered Rate plus certain basis points (31 March 2017: prime rate in Hong Kong, prime rate minus certain basis points or Hong Kong's Interbank Offered Rate plus certain basis points).

14. SHARE CAPITAL

Details of movements of authorised and issued capital of the Company are as follows:

	Number of shares	Share capital *HK$*
Ordinary shares of HK$0.1 each		
Authorised:		
At 1 April 2016 (audited)	3,800,000	380,000
Increase during the year *(Note 1)*	496,200,000	49,620,000
At 31 March 2017 (audited) and 30 September 2017 (unaudited)	500,000,000	50,000,000
Issued and fully paid:		
At 1 April 2016 (audited)	10	1
Issue under reorganisation *(Note 1)*	299,999,990	29,999,999
Issue of new shares upon listing *(Note 2)*	80,000,000	8,000,000
At 31 March 2017 (audited) and 30 September 2017 (unaudited)	380,000,000	38,000,000

Note 1: On 30 May 2016, the Company has increased its authorised share capital to HK$50,000,000 divided into 500,000,000 ordinary shares with a par value of HK$0.1 each and 299,999,990 ordinary shares of HK$0.1 each were allotted and issued to Hang Yip Company Limited in consideration of the controlling shareholders, Mr. Chan Leung Choi and Mr. Chan Kin Choi, transferring their entire shareholdings in Hang Wing Holdings Limited to the Company.

Note 2: On 11 January 2017, upon listing on the Stock Exchange, the Company issued 80,000,000 shares with par value HK$0.1 each at HK$1.15 each with gross proceeds of approximately HK$92,000,000.

All issued shares rank pari passu in all respects with the existing issued shares.

None of the Company's subsidiaries purchased, sold or redeemed any of the Company's listed shares during the period ended 30 September 2017.

15. OPERATING LEASES

At the end of the reporting period, the Group had commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

	At 30 September 2017 ***HK$'000***	At 31 March 2017 *HK$'000*
Within one year	**2,826**	3,206
In the second to fifth years inclusive	**9,264**	8,793
Over fifth years	**13,231**	13,910
	25,321	25,909

Operating lease payments represent rentals payable by the Group for factory premises and staff quarters. These leases are negotiated for terms ranging from one to twelve years. None of the leases include any contingent rentals.

Included above are the commitments for future minimum lease payments to Top Champion Industries Limited ("**Top Champion**"), of which Mr. Chan Leung Choi, one of the controlling shareholders has control. The commitments for future minimum lease payments to Top Champion are as follows:

	At 30 September 2017 *HK$'000*	At 31 March 2017 *HK$'000*
Within one year	**44**	175

16. RELATED PARTY DISCLOSURES

(i) Related party transactions

During the period, the Group entered into the following transactions with its related parties:

Name of related company	**Relationship**	**Nature of transaction**	**Six months ended 30 September 2017** *HK$'000*	2016 *HK$'000*
Top Champion	Entity over which Mr. Chan Leung Choi, one of the shareholders of the Company, has control	Rental expense of rented premises	**136**	204

(ii) Personal guarantee from shareholders

Mr. Chan Leung Choi and Mr. Chan Kin Choi, shareholders of the Company, had provided a personal guarantee in respect of the banking facilities granted to the Group to the extent of approximately HK$11,446,000 as at 30 September 2016. Upon listing of Company's shares on the Stock Exchange on 11 January 2017, the deposits, pledges and personal guarantees were released and replaced by a corporate guarantee provided by the Company.

(iii) Pledge of assets held by a shareholder and a related company

As at 30 September 2016, the general banking facilities granted by banks to the Group were secured by deposits held by Mr. Chan Leung Choi amounting to HK$500,000 and properties held by a related company, Top Champion. Upon listing of Company's shares on the Stock Exchange on 11 January 2017, the deposits, pledges and personal guarantees were released and replaced by a corporate guarantee provided by the Company.

(iv) Compensation of key management personnel

The remuneration of directors and other members of key management during the period is as follows:

	Six months ended 30 September 2017 *HK$'000*	2016 *HK$'000*
Short-term employee benefits	**4,144**	2,678
Post-employment benefits	**74**	66
	4,218	2,744

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.

Hong Kong and Macau continue to be the Group's major markets, where the revenue generated from Hong Kong contributed to approximately HK$33.5 million for the Reporting Period (six months ended 30 September 2016: approximately HK$53.9 million), or approximately 84.6% of the total revenue during the Reporting Period (six months ended 30 September 2016: approximately 84.2%). The business in Macau has been remained steady during the Reporting Period, where the revenue generated from Macau contributed to approximately HK$2.8 million for the Reporting Period (six months ended 30 September 2016: approximately HK$3.3 million), or approximately 7.1% of the total revenue during the Reporting Period (six months ended 30 September 2016: approximately 5.2%).

Manufacturing and Trading of DTH Rockdrilling Tools

The Group is principally engaged in the manufacturing and trading of DTH rockdrilling tools. Our self-designed and manufactured DTH rockdrilling tools can be categorised into the following main categories, namely DTH hammers, casing systems (comprising driver bits and casing bits), and other miscellaneous products including button bits and bit openers, as well as our newly developed products, drill pipes, cluster drills and casing tubes. Revenue from the manufacturing and trading of DTH rockdrilling tools contributed to approximately 73.7% of the total revenue during the Reporting Period (six months ended 30 September 2016: approximately 76.3%).

Trading of Piling and Drilling Machineries and Rockdrilling Equipment

The Group is also engaged in the trading of piling and drilling machineries and rockdrilling equipment to our customers as part of our technical rockdrilling solutions. Revenue from the trading of piling and drilling machineries, and rockdrilling equipment, contributed to approximately 9.3% of total revenue during the Reporting Period (six months ended 30 September 2016: approximately 9.5%) and approximately 16.9% of the total revenue during the Reporting Period (six months ended 30 September 2016: approximately 14.2%), respectively.

FINANCIAL REVIEW

Revenue

The Group's revenue decreased by approximately HK$24.4 million, or approximately 38.1%, to approximately HK$39.6 million for the Reporting Period, from approximately HK$64.0 million for the six months ended 30 September 2016, primarily due to the continued delays in funding approvals for construction works in Hong Kong by the Legislative Council of Hong Kong ("**Legislative Council**"), which led to a low level of construction works and projects available during the Reporting Period, resulting in a lower demand for our products than expected.

Gross Profit and Gross Profit Margin

The Group's gross profit decreased by approximately HK$12.2 million, or approximately 41.2%, to approximately HK$17.4 million for the Reporting Period, from approximately HK$29.6 million for the six months ended 30 September 2016, primarily due to the decrease in revenue as mentioned above. Gross profit margin decreased to approximately 43.9% for the Reporting Period, from approximately 46.3% for the six months ended 30 September 2016, mainly attributable to the low level of construction projects activities in Hong Kong, which has exerted pressure on the price of the products as a result of the lower bidding project price and keen competition within the industry.

Selling and Distribution Expenses

The Group's selling and distribution expenses decreased by approximately HK$0.1 million, or approximately 4.3%, to approximately HK$2.2 million for the Reporting Period, from approximately HK$2.3 million for the six months ended 30 September 2016, mainly due to the decrease in declaration charges, freight, transportation and storage costs.

Administrative Expenses

The Group's administrative expenses increased by approximately HK$0.5 million, or approximately 4.5%, to approximately HK$11.6 million for the Reporting Period, from approximately HK$11.1 million for the six months ended 30 September 2016, primarily due to the increase in legal and professional services fees, staff costs and Directors' remuneration during the Reporting Period.

Listing Expenses

No listing expenses were incurred during the Reporting Period (six months ended 30 September 2016: approximately HK$11.5 million) as the Group was successfully listed in January 2017, and all the listing expenses were recognised during the year ended 31 March 2017.

Net Profit

The Group's net profit for the Reporting Period was approximately HK$4.4 million, represented a decrease of approximately HK$10.4 million, or approximately 70.3%, as compared to the amount of net profit of approximately HK$14.8 million for the six months ended 30 September 2016 (net profit of approximately HK$3.3 million, as adjusted by adding back one-off listing expenses incurred in connection with the listing of the Company's shares on the Main Board of The Stock Exchange of Hong Kong Limited of approximately HK$11.5 million). The decrease in net profit for the Reporting Period was mainly attributable to the decreases in revenue and gross profit for the Group as compared to the amounts during the same period of 2016, as explained above.

PROSPECTS

During the Reporting Period, the Group continued to develop its various business segments. However, as the Group's major market, the market environment in Hong Kong remained challenging during the Reporting Period due to the continued delay in the funding approval process, as well as the increased uncertainties in the timing of obtaining such approvals for public works projects by the Legislative Council. Although there has been approval of public works projects by the Legislative Council recently, the overall approval process remains to be slow. It is anticipated that the business environment remains challenging for the rest of the year. As majority of the approved public works projects are expected to commence from the 2018–19 government fiscal year onwards, it is anticipated that more construction projects will commence in the coming years.

The Macau market continued to progress steadily during the Reporting Period. The Group will continue to capture the business opportunities as and when they arise.

The Group has been continuing its efforts to extend its presence in several key international markets, including Scandinavia, Japan and India. Significant progress has been made in the India market, where the Group has commenced trial orders through our distributor for construction projects during the Reporting Period.

Overall, the Group remains positive towards the future of the construction market and the business of the Group in Hong Kong and Macau, and will continue its efforts to strengthen and extend its presence in the overseas markets.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 September 2017, the Group had total cash and cash equivalents of approximately HK$89,803,000 (as at 31 March 2017: approximately HK$100,856,000). The decrease was mainly resulted from the repayment of bank borrowings during the Reporting Period.

The gearing ratio of the Group as at 30 September 2017 (defined as the Group's total interest bearing liabilities divided by the Group's total equity) was approximately 4.5% (as at 31 March 2017: approximately 13.2%). The decrease in gearing ratio of the Group as at 30 September 2017 is mainly due to the decrease in bank borrowings.

CAPITAL STRUCTURE

The Group's shares were successfully listed on the Main Board of the Stock Exchange on 11 January 2017. As at 30 September 2017, 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 since the Listing Date and up to the date of this announcement.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 September 2017, the Group had 113 employees (as at 30 September 2016: 142 employees) in Hong Kong and the People's Republic of China ("**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, state-sponsored retirement plans for PRC employees.

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.

CHARGE ON GROUP ASSETS

As at 30 September 2017, bank borrowings amounting to HK$6,959,000 are guaranteed by the Company. As at 30 September 2017, deposits placed at an insurance company amounting to HK$4,383,000 were pledged to secure general banking facilities granted to the Group.

CONTINGENT LIABILITIES

The Group has not had any material contingent liability as at 30 September 2017.

CAPITAL COMMITMENTS

As at 30 September 2017 and 2016, the Group had no capital commitments.

FUTURE PLANS FOR MATERIAL INVESTMENT AND CAPITAL ASSETS

As at 30 September 2017, the Group did not have plan for material investment and capital assets.

MATERIAL ACQUISITIONS AND DISPOSALS

There has been no significant investment, material acquisition or disposal of subsidiaries and associated companies by the Company during the Reporting Period.

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. In accordance with the proposed applications set out in the section headed "Future Plans and Use of Proceeds" of the prospectus of the Company dated 30 December 2016 (the "**Prospectus**"), the net proceeds received were applied by the Group up to 30 September 2017 as follows:

Use of net proceeds	**Estimated Net Proceeds as per the Prospectus**	**Actual Net Proceeds**	**Used amounts as at 30 September 2017**	**Unused amounts as at 30 September 2017**
	HK$' million	*HK$' million*	*HK$' million*	*HK$' million*
Investing in new manufacturing facility	48.0	50.4	–	50.4
Research and development	3.9	4.4	–	4.4
Participation in overseas exhibition and promotions	9.6	9.7	–	9.7
Purchase of brand new drilling machineries	8.2	8.8	–	8.8
Increasing manpower in Hong Kong	3.8	4.4	–	4.4
Renting of new office for Hong Kong headquarters	3.2	3.5	–	3.5
Working capital and other general corporate purposes	6.9	7.1	2.0	5.1
Total	**83.6**	**88.3**	**2.0**	**86.3**

The unutilised amounts of the net proceeds will be applied in the manner consistent with that mentioned in the Prospectus.

As at the date of this announcement, the Directors do not anticipate any change to the plan of the use of proceeds as disclosed above. The unused net proceeds have been deposited with banks in Hong Kong.

For further information regarding the use of the Company's proceeds from the public offer, please refer to the section headed "Future Plans and Use of Proceeds" in the Prospectus.

COMPLIANCE OF THE CODE

The Company focuses on maintaining a high standard of corporate governance for purposes of enhancing the value for shareholders and protecting their interests. The Company has adopted such provisions of the Code as stated in the Corporate Governance Code (the "**Code**") provided in Appendix 14 to the Listing Rules. The Company has established the corporate governance structure in accordance with the Listing Rules and the Code and has set up a series of corporate governance measures. Throughout the Reporting Period and up to the date of this announcement, the Company has been observing all mandatory provisions of the code as stipulated in the Corporate Governance Code except for Rule A.2.1.

In accordance with Rule A.2.1 of the Corporate Governance Code as provided in Appendix 14 to the Listing Rules, the roles of the chairman and chief executive officer should be separated and should not be held by the same person. As mentioned in the Corporate Governance Report in the Company's 2016/17 annual report, Mr. Leung Choi Chan has been appointed as the Chairman and Chief Executive Officer of the Company. The Board has noted that such arrangement is deviating from Rule A.2.1 of the Corporate Governance Code. However, given the development of the Group and the rich and extensive experience that Mr. Leung Choi Chan has in the industry and his long history with the Group, the Board believes that Mr. Leung Choi Chan concurrently acting as the Chairman and Chief Executive Officer will help implement the Group's business strategies and enhance the operating efficiency. In addition, the Board comprises three independent non-executive Directors, enabling the Company's shareholders to be represented sufficiently and fairly under the monitoring of the Board.

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

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as provided in Appendix 10 of the Listing Rules (the "**Model Code**"), as the code of conduct governing Directors' securities transactions.

Upon specific enquiry conducted by the Company, all the Directors have confirmed that they have been fully observing 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 2017 have been reviewed by the external auditor of the Company. The comparative unaudited condensed consolidated statement of profit or loss and other comprehensive income for the six months ended 30 September 2016 and the relevant explanatory notes disclosed in these unaudited condensed consolidated financial statements have not been reviewed in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" and has included such in the "Other Matter" paragraph in the report on review of the unaudited condensed consolidated financial statements of the Group for the six months ended 30 September 2017.

AUDIT AND COMPLIANCE COMMITTEE

The Audit and Compliance Committee has reviewed the unaudited condensed consolidated interim 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. Lewis Chan, Mr. Chun Fung Lam and Mr. Lok Man Richard Sung. All members of the Audit and Compliance Committee are independent non-executive Directors. Mr. Lok Man Richard Sung is the chairman of the Audit and Compliance Committee.

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.

INTERIM DIVIDEND

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

PUBLICATION OF THE INTERIM RESULTS ANNOUNCEMENT AND THE INTERIM REPORT

This announcement is published on the respective websites of the Stock Exchange at www.hkexnews.hk and on the website of the Company at www.yukwing.com. The Company's 2017/18 interim report containing all of the information as required by the Listing Rules will be despatched to shareholders of the Company and published on the websites of the Stock Exchange and the Company in due course.

For and on behalf of the Board
Yuk Wing Group Holdings Limited
Leung Choi Chan
Chairman

Hong Kong, 24 November 2017

As of the date of this announcement, the Board of the Company comprises four Executive Directors namely, Mr. Leung Choi Chan, Mr. Kin Choi Chan, Mr. Tat Choi Chan and Ms. Ning Liang; and three Independent Non-executive Directors namely, Mr. Lewis Chan, Mr. Chun Fung Lam and Mr. Lok Man Richard Sung.