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

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1536)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 MARCH 2018

The board (the "**Board**") of directors (the "**Director(s)**") of Yuk Wing Group Holdings Limited (the "**Company**") is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively referred to as the "**Group**") for the year ended 31 March 2018 (the "**Year**") together with the comparative and audited figures for the year ended 31 March 2017 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2018

	Notes	**2018** ***HK$'000***	2017 *HK$'000*
Revenue	*4*	**99,703**	126,675
Cost of sales		**(62,234)**	(68,730)
Gross profit		**37,469**	57,945
Other income and expenses		**202**	1,539
Other gains and losses		**(2,051)**	2,616
Selling and distribution expenses		**(4,806)**	(4,808)
Administrative expenses		**(27,419)**	(23,518)
Listing expenses		**–**	(25,159)
Finance costs		**(473)**	(718)
Profit before tax	*5*	**2,922**	7,897
Income tax expense	*6*	**(2,431)**	(5,146)
Profit for the year		**491**	2,751
(Loss) profit for the year attributable to:			
Owners of the Company		**(2,324)**	(2,311)
Non-controlling interests		**2,815**	5,062
		491	2,751
Loss per share, basic (HK cents)	*7*	**(0.61)**	(0.73)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2018

	2018	2017
	HK$'000	*HK$'000*
Profit for the year	**491**	2,751
Other comprehensive income (expense) for the year		
Item that may be reclassified subsequently to profit or loss:		
Exchange differences arising on translation of foreign operations	**3,265**	(1,650)
Total comprehensive income for the year	**3,756**	1,101
Total comprehensive (expense) income for the year attributable to:		
Owners of the Company	**(551)**	(3,083)
Non-controlling interests	**4,307**	4,184
	3,756	1,101

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2018

	Notes	**2018** **HK$'000**	2017 HK$'000
Non-current assets			
Property, plant and equipment		**10,905**	11,288
Deposits placed at an insurance company		**4,426**	4,340
Deferred tax assets		**–**	37
		15,331	15,665
Current assets			
Inventories		**39,483**	32,834
Trade and other receivables	*9*	**49,592**	30,839
Tax recoverable		**1,064**	830
Bank balances and cash		**71,975**	100,856
		162,114	165,359
Current liabilities			
Trade and other payables	*10*	**19,511**	6,084
Tax payable		**1,771**	4,422
Bank borrowings		**1,697**	19,876
		22,979	30,382
Net current assets		**139,135**	134,977
Total assets less current liabilities		**154,466**	150,642
Non-current liability			
Deferred tax liabilities		**68**	–
		154,398	150,642
Capital and reserves			
Share capital		**38,000**	38,000
Reserves		**89,521**	90,072
Equity attributable to owners of the Company		**127,521**	128,072
Non-controlling interests		**26,877**	22,570
		154,398	150,642

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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.

The registered office address of the Company is located at Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The principal place of business of the Company was located at Unit B, 17/F., E-Trade Plaza, No. 24 Lee Chung Street, Chai Wan, Hong Kong and changed to Unit 2102, 21/F, West Tower, Shun Tak Centre, 168–200 Connaught Road Central, Sheung Wan, Hong Kong with effect from 18 April 2018. The Company is an investment holding company. The Company and its subsidiaries (collectively referred to as the "**Group**") are principally engaged in the manufacturing and trading of rockdrilling tools and equipment and trading of piling and drilling equipment and machineries.

On 2 February 2018, Colour Shine Investments Limited ("**Colour Shine**") entered into a deed of sale and purchase to acquire 195,000,000 shares of the Company, which represents 51.32% of total issued share capital of the Company, from Hang Yip Company Limited ("**Hang Yip**"), a private limited company incorporated in the British Virgin Islands (the "**BVI**"). The transaction was completed on 5 February 2018 and the Company's ultimate holding company was changed from Hang Yip to Colour Shine, a private limited company incorporated in the BVI.

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

2. BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements have been prepared on the historical cost basis, and in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") and by the Hong Kong Companies Ordinance.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

Amendments to HKFRSs that are mandatorily effective for the current year

The Group has applied the following amendments to HKFRSs issued by the HKICPA for the first time in the current year.

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 Group has not early applied any new and revised HKFRSs that have been issued but are not yet effective.

4. 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.

Segment revenue and results

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

For the year ended 31 March 2018

	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	**62,609**	**27,489**	**9,605**	**99,703**
RESULTS				
Segment result	**31,962**	**3,438**	**2,069**	**37,469**
Unallocated expenses				**(32,225)**
Other income and expenses				**202**
Other gains and losses				**(2,051)**
Finance costs				**(473)**
Profit before tax				**2,922**

For the year ended 31 March 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	86,779	25,282	14,614	126,675
RESULTS				
Segment result	45,853	6,730	5,362	57,945
Unallocated expenses				(28,326)
Other income and expenses				1,539
Other gains and losses				2,616
Listing expenses				(25,159)
Finance costs				(718)
Profit before tax				7,897

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 and expenses, 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.

Segment assets and liabilities

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

Other information

For the year ended 31 March 2018

	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*
Amounts regularly provided to the CODM but not included in the measurement of segment result:				
Depreciation	**994**	**224**	**43**	**1,261**
Allowance for doubtful debts	**416**	**719**	**44**	**1,179**

For the year ended 31 March 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*
Amounts regularly provided to the CODM but not included in the measurement of segment result:				
Depreciation	967	203	118	1,288

Geographical information

The following table sets out information about (i) the Group's revenue from external customers by the location of customers and (ii) the Group's property, plant and equipment by location of assets.

	Revenue from external customers For the year ended 31 March		**Property, plant and equipment As at 31 March**	
	2018	2017	**2018**	2017
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Hong Kong	**88,520**	110,758	**941**	1,014
Macau	**6,046**	9,898	**–**	–
Scandinavia	**2,839**	1,052	**–**	–
Japan	**348**	3,242	**–**	–
People's Republic of China (the "**PRC**")	**–**	–	**9,964**	10,274
Others	**1,950**	1,725	**–**	–
	99,703	126,675	**10,905**	11,288

Information about major customers

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

	2018	2017
	HK$'000	*HK$'000*
Ngai Shun Construction & Drilling Company Limited from all segments	**N/A[1]**	29,120
Customer A from trading of piling and drilling machineries	**12,257**	N/A[1]
Customer B from all segments	**10,545**	N/A[1]

1 Revenue from the customer is less than 10% of the total sales of the Group.

5. PROFIT BEFORE TAX

Profit before tax has been arrived at after charging:

	2018	2017
	HK$'000	*HK$'000*
Directors' remuneration	**5,424**	4,519
Other staff costs	**11,462**	13,444
Contributions to retirement benefit schemes, other than those of directors	**1,271**	1,405
Total staff costs	**18,157**	19,368
Auditor's remuneration	**2,428**	1,829
Depreciation of property, plant and equipment	**1,261**	1,288
Depreciation of property, plant and equipment capitalised in inventories	**1,876**	1,971
Cost of inventories recognised as expense	**62,234**	68,730
Operating lease rental in respect of minimum lease payments of rented premises	**3,532**	3,851

6. INCOME TAX EXPENSE

	2018	2017
	HK$'000	*HK$'000*
Current tax:		
Hong Kong	**1,596**	5,680
PRC Enterprise Income Tax	**683**	307
	2,279	5,987
Under (over) provision in prior years		
Hong Kong	**47**	(859)
PRC Enterprise Income Tax	**–**	227
	47	(632)
Deferred tax charge (credit)	**105**	(209)
	2,431	5,146

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits for the year ended 31 March 2018 (2017: 16.5%).

Under the Law of the PRC on Enterprise Income Tax (the "**EIT Law**") and Implementation Regulation of the EIT Law, the PRC Enterprise Income Tax is calculated at 25% (2017: 25%) of the assessable profits for the subsidiary established in the PRC.

7. LOSS PER SHARE

	2018	2017
	HK$'000	*HK$'000*
Loss:		
Loss for the purpose of calculating basic loss per share: loss for the year attributable to the owners of the Company	**(2,324)**	(2,311)
	'000	*'000*
Number of shares:		
Weighted average number of ordinary shares for the purpose of calculating basic loss per share	**380,000**	317,534

No diluted loss per share for the years ended 31 March 2018 and 2017 was presented as there were no potential ordinary shares in issue during the years ended 31 March 2018 and 2017.

The number of ordinary shares for the purpose of calculating basic loss per share for the year ended 31 March 2017 had been determined on the assumption that the group reorganisation to enable the Company to become the holding Company of the Group (the "**Group Reorganisation**") had been effective on 1 April 2016 and 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.

The weighted average number of ordinary shares for the purpose of calculating basic loss per share has been determined on the assumption that the Group Reorganisation had been effective on 1 April 2016.

8. DIVIDENDS

The board of directors of the Company does not recommend the payment of a final dividend for the years ended 31 March 2018 and 2017.

9. TRADE AND OTHER RECEIVABLES

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:

	2018	2017
	HK$'000	*HK$'000*
0 to 30 days	**14,545**	5,373
31 to 60 days	**5,450**	4,072
61 to 90 days	**4,916**	774
91 to 180 days	**8,748**	11,925
181 days to 1 year	**6,010**	3,453
Over 1 year	**2,133**	835
	41,802	26,432

10. TRADE AND OTHER PAYABLES

The average credit period of trade payables granted by suppliers is from 30 to 60 days upon the issue of invoices.

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

	2018	2017
	HK$'000	*HK$'000*
0 to 30 days	**4,543**	512
31 to 60 days	**1,322**	37
61 to 90 days	**2,227**	–
91 to 180 days	**–**	420
	8,092	969

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 remain to be the Group's major markets, where the revenue generated from Hong Kong contributed to approximately HK$88.5 million for the Year (2017: approximately HK$110.8 million), or approximately 88.8% of the total revenue during the Year (2017: approximately 87.5%). There has been a decrease in revenue generated from Macau during the Year, where the revenue generated from Macau contributed to approximately HK$6.0 million for the Year (2017: approximately HK$9.9 million), or approximately 6.0% of the total revenue during the Year (2017: approximately 7.8%). The business in the Scandinavia region has seen signs of improvement during the Year, where revenue generated from Scandinavia contributed to approximately HK$2.8 million (2017: approximately HK$1.1 million), or approximately 2.8% of the total revenue during the Year (2017: approximately 0.9%).

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 62.8% of the total revenue during the Year (2017: approximately 68.5%).

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 27.6% of the total revenue during the Year (2017: approximately 20.0%) and approximately 9.6% of the total revenue during the Year (2017: approximately 11.5%), respectively.

FINANCIAL REVIEW

Revenue

The Group's revenue decreased by approximately HK$27.0 million, or 21.3%, to approximately HK$99.7 million for the Year, from approximately HK$126.7 million for the year ended 31 March 2017, primarily due to the continued delay in funding approvals for construction works in Hong Kong by the Legislative Council of Hong Kong (the "**Legislative Council**"), which led to a lower level of construction works and projects available during the Year, resulting in a lower demand of our products than expected.

Gross Profit and Gross Profit Margin

The Group's gross profit decreased by approximately HK$20.4 million, or 35.2%, to approximately HK$37.5 million for the Year, from approximately HK$57.9 million for the year ended 31 March 2017, primarily due to the decrease in revenue as mentioned above. Gross profit margin decreased to approximately 37.6% for the Year, from approximately 45.7% for the year ended 31 March 2017, mainly attributable to the increased competition among foundation companies and contractors which sought to tender projects in both public sector and private sector at lower price, which in turn exerted pressure on the price of the Group's products.

Administrative Expenses

The Group's administrative expenses increased by approximately HK$3.9 million, or 16.6%, to approximately HK$27.4 million for the Year, from approximately HK$23.5 million for the year ended 31 March 2017, primarily due to the increase in audit fees, repairs and maintenance expenses, and donations during the Year.

Listing Expenses

No listing expenses were recognised during the Year (2017: approximately HK$25.2 million) as the Group was successfully listed in January 2017, and all the listing expenses were recognised during the year ended 31 March 2017.

Finance Costs

The Group's finance costs decreased by approximately HK$245,000, or 34.1%, to approximately HK$473,000 for the Year, from approximately HK$718,000 for the year ended 31 March 2017, primarily due to the repayment of bank borrowings during the Year.

Net Profit

The Group recorded a net profit of approximately HK$0.5 million for the Year as compared to the net profit of approximately HK$2.8 million for the year ended 31 March 2017. The decrease was mainly attributable to the decrease in revenue, together with the one-off legal and professional fees of approximately HK$3.4 million in relation to the mandatory cash offer made by Colour Shine incurred during the Year. Excluding these non-recurring expenses, the Group's net profit would have been approximately HK$3.9 million for the Year. Details of the mandatory cash offer are set out in the section headed "Change in Control and Mandatory Cash Offer" in this announcement.

STRATEGY AND PROSPECTS

The Group is a leading manufacturer and supplier of DTH rockdrilling tools in Hong Kong. We also supply piling and drilling equipment and machineries and rockdrilling equipment sourced from external suppliers, and provide technical rockdrilling solutions to our customers with a variety of rockdrilling needs.

During the Year, the Group continued to steadily develop its various business segments. However, for Hong Kong, the Group's major market, the market environment has remained challenging during the Year due to the continued delay in the funding approval process, as well as the increased uncertainties in obtaining approvals for public works by the Legislative Council. From the information available from the Legislative Council in December 2017, a total of 92 projects were pending for approval from the Finance Committee of the Legislative Council (the "**Finance Committee**") before the 2018 summer recess in the 2017-18 legislative session. The progress of funding approval remained slow, where only 9 out of the 92 projects have obtained funding approval up to 31 March 2018. This has impacted the Group's revenue and profitability for the Year. A total of 74 projects remained outstanding for funding approval up to 31 May 2018. Although the approval of the public works projects from the relevant government departments continue to be delayed from the Legislative Council, motions have passed at the Finance Committee in March 2018 to streamline the procedures on the deliberation of agenda items and committee members speaking on proposals. Moreover, the government will be increasing land supply and addressing the supply and demand imbalance by implementing short, medium and long-term measures as mentioned in the 2017 Policy Address. It is anticipated that the timeliness of the funding approval will be improved, and more construction projects will be approved and commenced by the government and the private sector in the coming years.

The Scandinavia market has seen signs of improvement during the Year. The Group will continue to capture the business opportunities as and when they arise.

The Group has been continuing its efforts to strengthen and extend its presence in several key international markets, including Japan and India.

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

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 March 2018, the Group had total cash and cash equivalents of approximately HK$72.0 million (2017: approximately HK$100.9 million). The decrease was mainly resulted from the decrease in revenue during the Year.

The gearing ratio of the Group as at 31 March 2018 (defined as the Group's total interest-bearing liabilities divided by the Group's total equity) was approximately 1.1% (2017: approximately 13.2%). The decrease in gearing ratio of the Group as at 31 March 2018 is mainly due to the repayment of bank borrowings.

CAPITAL STRUCTURE

The Company's shares were successfully listed on the Main Board of the Stock Exchange on 11 January 2017 (the "**Listing Date**").

As at 31 March 2018, 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 Company since the Listing Date and up to the date of this announcement.

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 we should have sufficient resources to meet foreign exchange requirements as and if it arises. The Group has not engaged in any derivative to hedge its exposure to foreign exchange risk.

MAJOR CUSTOMERS AND MAJOR SUPPLIERS

During the Year, the revenue attributable to our top five customers was approximately HK$42.0 million (2017: approximately HK$63.3 million), accounting for approximately 42.1% (2017: approximately 50.0%) of the total revenue of the Group.

During the Year, our purchases from our top five suppliers were approximately HK$29.4 million (2017: approximately HK$32.6 million), accounting for approximately 59.0% (2017: approximately 61.6%) of our total purchases.

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

CONTINGENT LIABILITIES

The Group has not had any material contingent liability as at 31 March 2018 and 31 March 2017.

CAPITAL COMMITMENTS AND GUARANTEES

As at 31 March 2018 and 31 March 2017, the Group had no capital commitments. As at 31 March 2018, deposits placed at an insurance company amounting to approximately HK$4.4 million (2017: approximately HK$4.3 million) were pledged to secure general banking facilities granted to the Group.

MATERIAL ACQUISITIONS AND DISPOSALS

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

CHANGE IN CONTROL AND MANDATORY CASH OFFER

The deed of sale and purchase was entered into between Colour Shine and Hang Yip, a former controlling Shareholder who was interested in 195,000,000 shares of the Company, representing 51.32% of the issued share capital of the Company (the "**Sale Share(s)**") on 2 February 2018, pursuant to which, among others, Colour Shine agreed to purchase and Hang Yip agreed to sell the Sale Shares for a total cash consideration of HK$349.05 million (equivalent to approximately HK$1.79 per Sale Share). The completion of the sale and purchase of the Sale Shares took place on 5 February 2018.

Upon the completion of the sale and purchase of the Sale Shares , Colour Shine and parties acting in concert with it were interested in 195,000,000 shares of the Company, representing 51.32% of the issued share capital of the Company on 5 February 2018, Colour Shine therefore was required to make a mandatory unconditional cash offer for all the issued shares of the Company not already owned or agreed to be acquired by it and parties acting in concert with it under Rule 26.1 of the Hong Kong Code on Takeovers and Mergers (the "**Offer**"). The Offer was closed on 13 April 2018.

Details of the mandatory unconditional cash offer have been disclosed in the Company's announcements dated 7 February 2018, 13 February 2018, 28 February 2018, 23 March 2018, 29 March 2018 and 13 April 2018 respectively and the Company's circular dated 23 March 2018.

USE OF PROCEEDS FROM THE PUBLIC OFFER

The shares of the Company were listed on the Main Board of the Stock Exchange on 11 January 2017. 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 dated 30 December 2016 (the "**Prospectus**"), the net proceeds received were applied by the Group from the Listing Date up to 31 March 2018 as follows:

Use of net proceeds	**Estimated Net Proceeds as per the Prospectus** *HK$' million*	**Actual Net Proceeds** *HK$' million*	**Used amounts as at 31 March 2018** *HK$' million*	**Unused amounts as at 31 March 2018** *HK$' million*
Investing in new manufacturing facility	48.0	50.4	2.2	48.2
Research and development	3.9	4.4	0.7	3.7
Participation in overseas exhibition and promotions	9.6	9.7	0.2	9.5
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	5.6	1.5
Total	**83.6**	**88.3**	**17.5**	**70.8**

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.

SECURITIES TRANSACTIONS CONDUCTED BY DIRECTORS AND THE RELEVANT EMPLOYEES

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 of the Listing Rules as its model code for securities transactions by the Directors. Following a specific enquiry to all Directors by the Company, all Directors have confirmed that they have complied with the Model Code standard set out in the Model Code throughout the Year.

CORPORATE GOVERNANCE CODE

The Company focuses on maintaining a good standard of corporate governance for purposes of enhancing the value for shareholders and protecting their interests. The Company has adopted and complied with such provisions of the Code (the "**Code Provision(s)**") as stated in the Corporate Governance Code (the "**Code**") provided in Appendix 14 to the Listing Rules during the Year except for the Code Provision A.2.1.

In accordance with Code Provision A.2.1, the roles of the chairman and chief executive officer should be separated and should not be held by the same person. Mr. Chan Leung Choi was the chairman and the chief executive officer of the Company during the Year. However, given the development of the Group and the rich and extensive experience that Mr. Chan Leung Choi has in the industry and the Group with a long history, the Board of Directors believes that both Mr. Chan Leung Choi concurrently acting as the chairman and chief executive officer helped implement the Group's business strategies and enhanced 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. Mr. Chan Leung Choi has resigned and Mr. He Xiaoming has been appointed as the chairman and chief executive officer of the Company on 13 April 2018.

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

PURCHASE, SALES OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

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

DIRECTORS' INTERESTS IN COMPETING BUSINESS

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

EVENTS AFTER THE REPORTING PERIOD

Save as disclosed in this announcement, subsequent to the end of the reporting period and up to the date fo this announcement, the Group has the following significant events:

(i) Mr. Chan Leung Choi has resigned as the chairman, executive Director, chief executive officer, the chairman of the nomination committee (the "**Nomination Committee**") and a member of the remuneration committee (the "**Remuneration Committee**") of the Company on 13 April 2018;

(ii) Mr. Chan Kin Choi has resigned as the executive Director on 13 April 2018;

(iii) Ms. Liang Ning has resigned as the executive Director on 13 April 2018;

(iv) Mr. He Xiaoming has been appointed as the chairman, executive Director, chief executive officer, and a member of the Nomination Committee and the Remuneration Committee of the Company on 13 April 2018;

(v) Mr. Chan Lewis has resigned as the independent non-executive Director, the chairman of the Remuneration Committee, and a member of the audit and compliance committee (the "**Audit and Compliance Committee**") and the Nomination Committee on 20 April 2018;

(vi) Mr. Lam Chun Fung has resigned as the independent non-executive Director, and a member of the Audit and Compliance Committee, the Nomination Committee and the Remuneration Committee on 20 April 2018;

(vii) Mr. Sung Lok Man Richard has resigned as the independent non-executive Director, the chairman of the Audit and Compliance Committee and the Nomination Committee, and a member of the Remuneration Committee on 20 April 2018;

(viii) Mr. Liu Tin Lap has been appointed as the independent non-executive Director, the chairman of the Audit and Compliance Committee, and a member of the Nomination Committee and the Remuneration Committee on 20 April 2018;

(ix) Mr. Lau Leong Yuen has been appointed as the independent non-executive Director, the chairman of the Nomination Committee, and a member of the Audit and Compliance Committee and the Remuneration Committee on 20 April 2018; and

(x) Ms. Lam Hoi Yu Nicki has been appointed as the independent non-executive Director, the chairman of the Remuneration Committee, and a member of the Audit and Compliance Committee and the Nomination Committee on 20 April 2018.

AUDIT COMMITTEE

The Company has established the Audit and Compliance Committee in accordance with Rule 3.21 of the Listing Rules and the Code and has expressly stated the scope of job duties of such committee in writing. As at the date of this announcement, the Audit and Compliance Committee consists of three members, namely Mr. Liu Tin Lap, Mr. Lau Leong Yuen and Ms. Lam Hoi Yu Nicki. All members of the Audit and Compliance Committee are independent non-executive Directors. Mr. Liu Tin Lap is the chairman of the Audit and Compliance Committee.

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

FINAL DIVIDEND

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

REVIEW OF ANNUAL RESULTS

Scope of Work of Messrs. Deloitte Touche Tohmatsu

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 2018 as set out in the preliminary announcement have been agreed by the Group's auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Messrs. Deloitte Touche Tohmatsu 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 Messrs. Deloitte Touche Tohmatsu on the preliminary announcement.

PUBLICATION OF THE ANNUAL RESULTS ANNOUNCEMENT AND THE 2017/18 ANNUAL REPORT

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

For and on behalf of the Board
Yuk Wing Group Holdings Limited
He Xiaoming
Chief Executive Officer, Chairman and Executive Director

Hong Kong, 28 June 2018

As of the date of this announcement, the Board comprises two executive Directors namely, Mr. He Xiaoming and Mr. Chan Tat Choi; and three independent non-executive Directors namely, Mr. Liu Tin Lap, Mr. Lau Leong Yuen and Ms. Lam Hoi Yu Nicki.

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