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HANG YICK HOLDINGS COMPANY LIMITED
恒益控股有限公司
(Incorporated in Cayman Islands with limited liability)
(Stock Code: 1894)

**ANNOUNCEMENT OF ANNUAL RESULTS
FOR THE YEAR ENDED 31 MARCH 2019**

The board (the “**Board**”) of directors (the “**Directors**”) of Hang Yick Holdings Company Limited (the “**Company**”) is pleased to present the audited consolidated financial results of the Company and its subsidiaries (collectively the “**Group**”) for the year ended 31 March 2019 together with the comparative figures for the year ended 31 March 2018 as follows.

FINANCIAL HIGHLIGHTS

	2019 HK\$'000	2018 HK\$'000
Revenue	181,926	199,199
Profit before taxation	23,099	62,534
Profit for the year	16,061	52,224
Adjusted profit before taxation for the year (excluding non-recurring items*)	45,577	62,611
Earning per share		
– Basic	HK2.4 cents	HK9.2 cents
– Diluted	HK2.4 cents	N/A
Dividend per share		
– Interim	HK1.3 cents	Nil
– Final	HK0.5 cent	Nil
– Full year	HK1.8 cents	Nil

* Non-recurring items include listing expenses, equity-settled share option expenses, one-off listing bonus to staff, impairment loss on trade receivables and contract assets and gain on disposal of investment property classified as held for sale/investment properties

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

For the year ended 31 March 2019

	NOTES	Year ended 31 March	
		2019 HK\$'000	2018 HK\$'000
Revenue	4	181,926	199,199
Direct costs		(121,447)	(124,840)
Gross profit		60,479	74,359
Impairment loss on trade receivables and contract assets		(3,594)	–
Other income and other gains and losses	6	2,244	7,784
Administrative expenses		(23,190)	(13,091)
Finance costs	7	(72)	(121)
Listing expenses		(12,768)	(6,397)
Profit before taxation	8	23,099	62,534
Income tax expense	9	(7,038)	(10,310)
Profit for the year		16,061	52,224
Other comprehensive (expense) income for the year Item that may be subsequently reclassified to profit or loss:			
Exchange difference arising on translation of foreign operation		(2,169)	429
Total comprehensive income for the year		13,892	52,653
Earnings per share	11		
Basic (HK cents)		2.4	9.2
Diluted (HK cents)		2.4	N/A*

* *Not applicable*

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2019

		As at 31 March	
	NOTES	2019 HK\$'000	2018 HK\$'000
Non-current assets			
Property, plant and equipment		13,138	13,153
Prepaid lease payments		3,901	4,368
Deposits		179	–
		<u>17,218</u>	<u>17,521</u>
Current assets			
Inventories		23,640	18,674
Prepaid lease payments		188	201
Trade receivables	12	11,241	17,850
Other receivables, deposits and prepayments		27,610	4,333
Contract assets		47,492	27,090
Tax recoverable		3,977	–
Pledged bank deposits		40,000	–
Short-term bank deposits		60,000	–
Bank balances and cash		54,977	28,603
		<u>269,125</u>	<u>96,751</u>
Assets classified as held for sale		–	3,410
		<u>269,125</u>	<u>100,161</u>
Current liabilities			
Trade and other payables and accruals	13	11,401	10,982
Contract liabilities		915	676
Obligations under finance leases		–	661
Tax payable		–	4,721
Bank borrowings	14	30,000	1,357
		<u>42,316</u>	<u>18,397</u>
Net current assets		<u>226,809</u>	<u>81,764</u>
Total assets less current liabilities		<u>244,027</u>	<u>99,285</u>

		As at 31 March	
		2019	2018
	<i>NOTES</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Non-current liabilities			
Provisions		197	254
Deferred tax liabilities		65	122
Obligations under finance leases		–	352
		<u>262</u>	<u>728</u>
Net assets		<u>243,765</u>	<u>98,557</u>
Capital and reserves			
Share capital	15	7,676	–*
Reserves		<u>236,089</u>	<u>98,557</u>
Equity attributable to owners of the Company		<u>243,765</u>	<u>98,557</u>

* Amount less than HK\$1,000

NOTES

For the year ended 31 March 2019

1. GENERAL

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**”) on 12 October 2018 through global offering (the “**Listing**”). Its immediate and ultimate holding company is HY Steel Company Limited (“**HY Steel**”), a company incorporated in the British Virgin Islands and owned as to 70% equity interest held by Mr. Lee Pui Sun (“**Mr. PS Lee**”), who is the chairman and executive director of the Company, and 30% equity interest held by Ms. Lau Lai Ching, the spouse of Mr. PS Lee (“**Ms. LC Lau**”), who is the executive director of the Company (collectively referred to as the “**Controlling Shareholders**”).

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.

The consolidated financial statements are presented in Hong Kong dollar (HK\$), which is also the functional currency the Company.

2. BASIS OF PREPARATION AND PRESENTATION

In preparation of the Listing, the Company underwent a group reorganisation (the “**Group Reorganisation**”) as described in section “History, Reorganisation and Corporate Structure” in the prospectus of the Company dated 28 September 2018 (the “**Prospectus**”). Prior to the Group Reorganisation, Mr. PS Lee and Ms. LC Lau held 70% and 30% of the equity interests of Hang Yick Gate Engineering Limited (“**Hang Yick**”), a wholly-owned subsidiary of the Company. Mr. PS Lee and Ms. LC Lau are acting in concert on their ownerships and exercise their control collectively over the companies now comprising the Group.

Pursuant to the Group Reorganisation, the Company has become the holding company of the companies now comprising the Group on 28 March 2018. The Company and its subsidiaries have been under the common control of the Controlling Shareholders throughout the year ended 31 March 2018 or since their respective dates of incorporation, where there is a shorter period. Accordingly, the consolidated financial statements for the year ended 31 March 2018 have been prepared under the principles of merger accounting in accordance with the Accounting Guideline 5 “Merger Accounting For Common Control Combinations” issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”).

The 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 2018 include the results, changes in equity and cash flows of the companies now comprising the Group as if the current group structure had been in existence throughout the year ended 31 March 2018, or since their respective dates of incorporation, where there is a shorter period.

3. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

New and amendments to HKFRSs that are mandatorily effective for the current year

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

HKFRS 9	Financial Instruments
HK(IFRIC) – Int 22	Foreign Currency Transactions and Advance Consideration
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions
Amendments to HKFRS 4	Applying HKFRS 9 “Financial Instruments” with HKFRS 4 “Insurance Contracts”
Amendments to HKAS 28	As part of the Annual Improvements to HKFRSs 2014–2016 Cycle
Amendments to HKAS 40	Transfers of Investment Property

Note: The Group has early applied HKFRS 15 “Revenue from Contracts with Customers” since 1 April 2015.

Except as described below, the application of the new and amendments to HKFRSs and interpretation in the current year has had no material impact on the Group’s financial performance and positions for the current and prior years and/or on the disclosures set out in the consolidated financial statements.

HKFRS 9 “Financial Instruments”

In the current year, the Group has applied HKFRS 9 and the related consequential amendments to other HKFRSs. HKFRS 9 introduces new requirements for (1) the classification and measurement of financial assets and financial liabilities, (2) expected credit losses (“ECL”) for financial assets and contract assets and (3) general hedge accounting.

The Group has applied HKFRS 9 in accordance with the transition provisions set out in HKFRS 9, i.e. applied the classification and measurement requirements (including impairment under ECL model) retrospectively to instruments that have not been derecognised as at 1 April 2018 (date of initial application) and has not applied the requirements to instruments that have already been derecognised as at 1 April 2018. The difference between carrying amounts as at 31 March 2018 and the carrying amounts as at 1 April 2018 are recognised in the opening retained profits and other components of equity, without restating comparative information.

Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 39 “Financial Instruments: Recognition and Measurement”.

The directors of the Company reviewed and assessed the Group’s financial assets as at 1 April 2018 based on the facts and circumstances that existed at that date. Trade receivables arising from contracts with customers are initially measured in accordance with HKFRS 15. The measurement categories for all other financial assets and financial liabilities of the Group as at 1 April 2018 remain the same upon the application of HKFRS 9.

As at 1 April 2018, the directors of the Company reviewed and assessed the Group’s existing financial assets and contract assets for impairment using reasonable and supportable information that is available without undue cost or effort in accordance with the requirements of HKFRS 9 and considered the application of ECL model has no material impact to the financial position and retained profits of the Group as at 1 April 2018.

4. REVENUE

Revenue represents the fair value of amounts received and receivable from the provision of engineering service or sales of goods by the Group to external customers. The Group's revenue is mainly derived from provision of steel and metal engineering services and sales of steel and metal products in Hong Kong during the year.

	Year ended 31 March	
	2019 HK\$'000	2018 HK\$'000
<i>Timing of revenue recognition and category of revenue</i>		
Recognised over time and long-term contracts		
– provision of steel and metal engineering services	<u>147,855</u>	<u>140,620</u>
Recognised at a point in time and short-term contracts		
– sales of steel and metal products		
• standardised collapsible gates	14,172	42,821
• other steel and metal products	<u>19,899</u>	<u>15,758</u>
	<u>34,071</u>	<u>58,579</u>
	<u>181,926</u>	<u>199,199</u>

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.

5. SEGMENT INFORMATION

For the purpose of resources allocation and performance assessment, the chief operating decision makers (“CODM”) (being the executive directors of the Company) review the segment results of the Group. Specifically, the Group's reportable segments are provision of steel and metal engineering services and sales of steel and metal products. However, no analysis of segment assets or segment liabilities is presented as they are not regularly provided to the CODM of the Group on making decision for resources allocation and performance assessment.

Segment revenue and profit

The following is an analysis of the Group's revenue to external customers and results by operating and reportable segment.

Year ended 31 March 2019

	Provision of steel and metal engineering services <i>HK\$'000</i>	Sales of steel and metal products <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment revenue	<u>147,855</u>	<u>34,071</u>	<u>181,926</u>
Segment results	<u>46,529</u>	<u>10,356</u>	56,885
Other income and other gains and losses			2,244
Administrative expenses			(23,190)
Finance costs			(72)
Listing expenses			<u>(12,768)</u>
Profit before taxation			<u>23,099</u>

Year ended 31 March 2018

	Provision of steel and metal engineering services <i>HK\$'000</i>	Sales of steel and metal products <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment revenue	<u>140,620</u>	<u>58,579</u>	199,199
Segment results	<u>57,089</u>	<u>17,270</u>	74,359
Other income and other gains and losses			7,784
Administrative expenses			(13,091)
Finance costs			(121)
Listing expenses			<u>(6,397)</u>
Profit before taxation			<u>62,534</u>

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment results mainly represented profit earned by each segment, excluding other income and other gains and losses, administrative expenses, finance costs, listing expenses and income tax expense.

Other segment information

	Year ended 31 March	
	2019	2018
	HK\$'000	HK\$'000
Amounts included in the measures of segment profits:		
Depreciation and amortisation		
– Provision of steel and metal engineering services	1,302	1,032
– Sales of steel and metal products	698	842
– Unallocated	824	1,254
	<u>2,824</u>	<u>3,128</u>

Entity-wide information

Geographical information

The Group's revenue are derived from Hong Kong and the People's Republic of China (the "PRC") based on the location of goods delivered and services provided as follows:

	Year ended 31 March	
	2019	2018
	HK\$'000	HK\$'000
Hong Kong	181,878	198,569
The PRC	48	630
	<u>181,926</u>	<u>199,199</u>

The Group's non-current assets are located in Hong Kong and the PRC by physical location of assets as follows:

	As at 31 March	
	2019	2018
	HK\$'000	HK\$'000
Hong Kong	2,921	3,122
The PRC	14,297	14,399
	<u>17,218</u>	<u>17,521</u>

Information about major customers

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

	Year ended 31 March	
	2019 HK\$'000	2018 HK\$'000
<i>Revenue from provision of steel and metal engineering services</i>		
Customer A	N/A*	19,861
Customer B	29,919	N/A*
Customer C	42,256	51,555
Customer E	25,156	N/A*
	<hr/>	<hr/>
<i>Revenue from sales of steel and metal products</i>		
Customer A	N/A*	367
Customer B	5,176	N/A*
Customer D	N/A*	21,445
	<hr/>	<hr/>

* 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

	Year ended 31 March	
	2019 HK\$'000	2018 HK\$'000
Other income		
Interest income from bank deposits	698	10
Rental income from investment properties	–	395
Sales of scrap materials	356	771
Others	40	161
	<hr/>	<hr/>
	1,094	1,337
	<hr/>	<hr/>
Other gains and losses		
Net exchange (loss) gains	(189)	77
Gain on disposal of property, plant and equipment	–	50
Gain on disposal of investment property classified as held for sale/investment properties	1,339	6,320
	<hr/>	<hr/>
	1,150	6,447
	<hr/>	<hr/>
	2,244	7,784
	<hr/>	<hr/>

7. FINANCE COSTS

	Year ended 31 March	
	2019	2018
	HK\$'000	HK\$'000
Interests on bank borrowings	36	56
Interests on finance leases	36	65
	<u>72</u>	<u>121</u>

8. PROFIT BEFORE TAXATION

	Year ended 31 March	
	2019	2018
	HK\$'000	HK\$'000
Profit before taxation has been arrived at after charging (crediting):		
Auditor's remuneration	1,430	466
Depreciation on property, plant and equipment	2,636	2,685
Depreciation on investment properties	–	253
Cost of inventories recognised as an expense	20,010	41,309
Amortisation of prepaid lease payments	188	190
Staff costs (including directors' emoluments):		
Directors' emoluments	2,073	425
Other staff costs:		
Salaries and other benefits	62,908	48,048
Retirement benefits scheme contributions	3,884	2,863
Equity-settled share option expenses	2,081	–
	68,873	50,911
Equity-settled share option expenses in relation to a consultant	2,374	–
Gross rental income from investment properties	–	(395)
Less: direct operating expense incurred for investment properties that generate rental income during the year	–	305
	–	(90)
Minimum lease payments under operating leases in respect of warehouse, offices and showroom premises	<u>1,270</u>	<u>210</u>

9. INCOME TAX EXPENSE

	Year ended 31 March	
	2019 HK\$'000	2018 HK\$'000
Current tax:		
Hong Kong Profits Tax	6,118	10,249
The PRC Enterprise Income Tax	957	297
Underprovision of Hong Kong Profits Tax in prior years	20	–
	<u>7,095</u>	<u>10,546</u>
Deferred taxation	(57)	(236)
	<u>7,038</u>	<u>10,310</u>

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the “**Bill**”) which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day. Under the two-tiered profits tax rates regime, the first HK\$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

Accordingly, starting from the current year, the Hong Kong Profits Tax is calculated at 8.25% on the first HK\$2 million of the estimated assessable profits of a subsidiary and at 16.5% on the estimated assessable profits above HK\$2 million on that subsidiary.

Under the Law of the PRC on Enterprise Income Tax (the “**EIT Law**”) and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiary is 25% for both years.

10. DIVIDENDS

During the year ended 31 March 2018, Hang Yick declared and paid dividends of HK\$24,000,000 in respect of the year ended 31 March 2018 to the then shareholders of Hang Yick.

On 29 August 2018, the Company declared and paid a special dividend of HK\$240,000 per share amounting to HK\$24,000,000 in aggregate to the then shareholder of the Company.

During the year ended 31 March 2019, the Company declared and paid an interim dividend of HK1.3 cents (2018: Nil) per share amounting to HK\$9,880,000 (2018: Nil) in aggregate to the then shareholders of the Company.

Subsequent to the end of the reporting period, a final dividend in respect of the year ended 31 March 2019 of HK0.5 cent per share (approximately HK\$3,838,000 in aggregate) has been proposed by the directors of the Company and is subject to approval by the shareholders of the Company in the forthcoming general meeting.

11. EARNINGS PER SHARE

The calculation of basic and diluted earnings per share is based on the following data:

	For the year ended 31 March	
	2019	2018
	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)	16,061	52,224
Number of shares (note):		
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	659,096,986	570,000,000
Effect of dilutive potential ordinary shares:		
Share options issued by the Company	3,248,025	N/A
Over-allotment option	170,052	N/A
Weighted average number of ordinary shares for the purpose of calculating diluted earnings per share	662,515,063	N/A

Note: The number of ordinary shares for the purpose of calculating basic earnings per share has been determined on the assumption that the Group Reorganisation and the capitalisation issue as set out in note 15(e) have been effective on 1 April 2017.

No diluted earnings per share is presented for the year ended 31 March 2018 as there was no potential dilutive ordinary shares outstanding during that year.

12. TRADE RECEIVABLES

	As at 31 March	
	2019	2018
	HK\$'000	HK\$'000
Trade receivables	13,739	17,850
Less: Allowance for credit losses	(2,498)	–
Total trade receivables	11,241	17,850

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 invoices 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 presented based on the invoice date at the end of the reporting period:

	As at 31 March	
	2019	2018
	HK\$'000	HK\$'000
0–30 days	7,229	15,407
31–60 days	2,000	543
61–90 days	1,262	325
Over 90 days	750	1,575
	11,241	17,850

13. TRADE AND OTHER PAYABLES AND ACCRUALS

	As at 31 March	
	2019	2018
	HK\$'000	HK\$'000
Trade payables	4,774	2,170
Accrued staff costs	4,943	5,709
Accrued listing expenses	–	2,640
Accruals and others	1,684	463
	<u>11,401</u>	<u>10,982</u>

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 each reporting period:

	As at 31 March	
	2019	2018
	HK\$'000	HK\$'000
0 – 30 days	4,427	1,740
31 – 60 days	340	430
61 – 90 days	7	–
	<u>4,774</u>	<u>2,170</u>

14. BANK BORROWINGS

	As at 31 March	
	2019	2018
	HK\$'000	HK\$'000
Carrying amounts (shown under current liabilities) that contain a repayment on demand clause but repayable based on scheduled repayment terms:		
– Within one year	30,000	600
– More than one year but not exceeding two years	–	757
	<u>30,000</u>	<u>1,357</u>

The bank borrowings were at floating rate which carry interest at Hong Kong Interbank Offered Rate (“HIBOR”) plus 2% per annum (2018: Hong Kong dollar prime rate minus 1.50% or 1.75% per annum). The weighted average effective interest rate on the Group’s bank borrowings was 3.82% per annum as at 31 March 2019 (2018: 3.35% per annum).

As at 31 March 2019, the bank borrowings are secured by pledged bank deposits with carrying amount of HK\$40,000,000 and a corporate guarantee granted by Hang Yick, a wholly-owned subsidiary of the Group.

As at 31 March 2018, the bank borrowings were guaranteed by personal guarantees from Mr. PS Lee and Ms. LC Lau with limited amount and secured by (i) the Group’s property classified as held for sale with carrying amount of approximately HK\$3,410,000 as at 31 March 2018 and (ii) certain properties of Mr. PS Lee and Ms. LC Lau as of 31 March 2018.

In May 2018, the Group early repaid all outstanding carrying amounts of its bank borrowings upon the completion of the disposal of the Group’s property classified as held for sales and such personal guarantee and securities from Mr. PS Lee and Mr. LC Lau were also released in the same month.

15. SHARE CAPITAL

The share capital as at 1 April 2017 represented the share capital of Hang Yick.

Details of movements of share capital of the Company are as follows:

	Number of shares	Amount HK\$'000
Ordinary shares of HK\$0.01 each		
Authorised:		
At 6 March 2018 (date of incorporation) and 31 March 2018 (<i>note a</i>)	38,000,000	380
Increase on 19 September 2018 (<i>note d</i>)	3,762,000,000	37,620
	<u>3,800,000,000</u>	<u>38,000</u>
At 31 March 2019	<u>3,800,000,000</u>	<u>38,000</u>
Issued:		
At 6 March 2018 (date of incorporation) (<i>note b</i>)	2	—*
Issue of shares (<i>note c</i>)	98	—*
	<u>100</u>	<u>—*</u>
At 31 March 2018	100	—*
Capitalisation issue (<i>note e</i>)	569,999,900	5,700
Issue of new shares upon share offer (<i>note f</i>)	190,000,000	1,900
Issue of new shares upon exercise of share options (<i>note g</i>)	7,600,000	76
	<u>767,600,000</u>	<u>7,676</u>
At 31 March 2019	<u>767,600,000</u>	<u>7,676</u>

All new ordinary shares issued during the year ended 31 March 2019 rank pari passu with the existing shares in issue in all respects.

Notes:

- (a) The Company was incorporated on 6 March 2018 in the Cayman Islands with an authorised share capital of HK\$380,000 divided into 38,000,000 shares of HK\$0.01 each.
- (b) At the date of incorporation, one share of the Company was allotted and issued nil-paid to the initial subscriber of the Company, an independent third party, and was transferred to Mr. PS Lee on the same date. On the same date, one nil-paid share of the Company was allocated and issued at par to Ms. LC Lau.
- (c) On 28 March 2018, as part of the Group Reorganisation, HY Metal acquired from Mr. PS Lee and Ms. LC Lau all of their shares in Hang Yick. In consideration thereof, the Company allotted and issued as fully paid 98 shares to HY Steel.
- (d) On 19 September 2018, the shareholders of the Company resolved to increase the authorised share capital of the Company from HK\$380,000 to HK\$38,000,000 by the creation of 3,762,000,000 additional shares, each ranking *pari passu* with the shares of the Company then in issue in all respects.
- (e) On 12 October 2018, the Company capitalised an amount of HK\$5,699,999 by issuing additional 569,999,900 shares, credited as fully paid, to the holder(s) of shares on the register of members of the Company at the close of business on 19 September 2018 (or as they may direct) in proportion to their shareholdings (save that no shareholder shall be entitled to be allotted and issued any fraction of a share).
- (f) In connection with the listing of the Company's shares at the Stock Exchange on 12 October 2018, the Company issued and allotted 190,000,000 new ordinary shares in aggregate at HK\$0.85 per share for an aggregate consideration of approximately HK\$161.5 million.
- (g) On 28 March 2019, the Company issued and allotted 7,600,000 shares upon the exercise of share options by an employee of the Company.

* Amount less than HK\$1,000

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Overview

The Group has been operating for more than 25 years and is one of the leading and well-established steel and metal engineering companies, specialising in design, manufacture, supply and installation of steel and metal products for construction projects in Hong Kong. Our shares were successfully listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 12 October 2018 (the “**Listing**”).

For the purpose of maintaining our leading position in the market, on 31 January 2019, a subsidiary of the Group has acquired a company incorporated in Hong Kong, which is an Approved Contractor under the “Structural Steelwork” category of works on the List of Approved Suppliers of Materials and Specialist Contractors for Public Works. The Group expects this acquisition would enable us to explore more business opportunities in Hong Kong. The aforesaid acquisition does not constitute notifiable transaction under the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”).

The Group is also expanding and developing its business in the construction and real estate markets in the People’s Republic of China (the “**PRC**”), through the establishment of a joint venture company together with the business partners, and details of which can be referred to the announcements of the Company dated 21 December 2018, 17 April 2019 and 31 May 2019, respectively and the paragraph headed “Events Subsequent to the End of the Reporting Period” below.

Provision of Steel and Metal Engineering Services

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 the year ended 31 March 2019, the Group had completed 17 projects which included two projects located in Tung Chung and Yuen Long with a contract sum of approximately Hong Kong Dollar (“**HK\$**”) 65.0 million and HK\$19.6 million, respectively. There was also substantial progress made for six projects which included two projects located in Sha Tin and Kwun Tong with a contract sum of approximately HK\$37.4 million and HK\$36.6 million, respectively during the year. This segment recorded a revenue of approximately HK\$147.9 million during the year ended 31 March 2019, representing a slight increase of approximately 5.2% compared to the year ended 31 March 2018.

As at 31 March 2019, the Group had 46 on-going projects in Hong Kong which were awarded by tender with an aggregate contract sum of approximately HK\$404.5 million. Among the 46 on-going projects in Hong Kong, 28 projects were awarded by tender during the year ended 31 March 2019. The overall success rate of tenders attained approximately 33% during the year ended 31 March 2019. During the year ended 31 March 2019, a project which is located in Kaihua, Zhejiang Province, the PRC (“**Kaihua Project**”), with a contract sum of approximately Renminbi (“**RMB**”) 500 million, was awarded to the Group but yet to commence. The Group estimates that the construction for Kaihua Project will commence in or around September 2019.

In April 2019, the Group was awarded with a construction project located in Sanmen, Zhejiang Province, the PRC, with an estimated contract sum of approximately RMB300 million (“**Sanmen Project**”). The Group expects to enter into a formal contract in around August 2019, and estimates that the construction for Sanmen Project will commence in or around October 2019. As a result, the total estimated contract sum for the two construction projects in the PRC, namely Kaihua Project and Sanmen Project, is approximately RMB800 million.

Sales of Steel and Metal Products

The Group also supplies steel and metal products, such as metal gates, collapsible gates, fire-insulated shutters, sliding shutters, rolling shutters and metal doors based on customers’ specifications and requirements. Such sales do not require the provision of installation works and after-sale services. This segment recorded a revenue of approximately HK\$34.1 million during the year ended 31 March 2019.

EVENTS SUBSEQUENT TO THE END OF THE REPORTING PERIOD

The Group intended to expand its construction and real estate business in the PRC. References are made to the announcements of the Company dated 17 April 2019 and 31 May 2019 respectively, which are summarised as follows:

On 17 April 2019, the Group, via its wholly-owned subsidiary, HY China Investment Company Limited (“**HY China**”), has entered into a shareholders’ agreement (the “**Shareholders Agreement**”) in relation to HY Capital Holdings Company Limited (“**HY Capital**”), being a non-wholly owned subsidiary of HY China, with the other two shareholders of HY Capital (the “**Joint Venture Partners**”), namely Capital Development Investment Company Limited and CDI Shankly Capital Holdings Company Limited, to regulate the rights and obligations in HY Capital for developing the construction business in the PRC. Through HY China, the Group holds 60% equity interests in HY Capital and its wholly-owned subsidiaries, which comprises CDI Hang Yick (China) Construction Co. Ltd. (a company incorporated in Hong Kong) and CDI Hang Yick Construction Holdings Co. Ltd. SZ* (首建恒益(深圳)建築控股有限公司) (“**CDI Hang Yick SZ**”) (a company established in the PRC). Pursuant to the Shareholders Agreement, the Group and the Joint Venture Partners have committed to provide unsecured and interest-free shareholders’ loans of HK\$40 million in aggregate to HY Capital, in proportion to their respective equity interest in HY Capital, as initial funding to develop the construction business in the PRC. Details of this transaction were disclosed in the Company’s announcement dated 17 April 2019.

On 29 May 2019, CDI Hang Yick SZ completed the acquisition of the entire equity interests of Fujian Hejin Construction Engineering Limited* (福建禾金建設工程有限公司) (“**Fujian Hejin**”), a private company established in the PRC, at a cash consideration of RMB2,800,000 (equivalent to approximately HK\$3,276,000). The major reason for such acquisition was to acquire the relevant licenses (such as main contractor of construction works level two and main contractor of municipal public construction works level three) held by Fujian Hejin for conducting construction services business in the PRC. Details of this acquisition were disclosed in the Company’s announcement dated 31 May 2019.

* *English name for identification purpose only*

OUTLOOK

Hong Kong

The Group considers that the next financial year will be challenging if the US-China trade war continues which will have a significant adverse impact on the economic growth in the global market, including Hong Kong. Nevertheless, the demand for public housing will continue to grow and with reference to the “Public Housing Construction Programme 2017-18 to 2021-22” released by Transport and Housing Bureau to Legislative Council Panel on Housing, the estimated housing production during 2018 to 2022 is approximately 96,800 units, comprising approximately 73,300 units of public rental housing and approximately 23,400 units of subsidised sale flats, and also the average annual public housing production under Housing Authority is expected to reach approximately 19,340 units during 2018 to 2022, while the average annual public housing production is expected to further increase to approximately 24,280 units during 2023 to 2027. Hence, it is expected that with the support of Hong Kong Government on public housing policies, the demand for steel and metal engineering services for public housing will grow steadily. The Group is confident to maintain its market share in public sector in Hong Kong and will remain active in submitting tenders when it receives the tender invitations.

On the other hand, the Group expects that the demand for steel and metal gates will drop in the forthcoming financial years as a result of the substantial completion of the five-year replacement scheme of old type collapsible gate launched by the Housing Authority in the public rental housing starting from 2015. According to press release made by the Hong Kong Government on 7 November 2018, up to October 2018, the Housing Authority had replaced the metal gates of about 70 per cent of such public rental housing units (about 120,000 units) under the programme and the programme is expected to be completed in 2019/20. Furthermore, the Housing Authority has no plan to replace other types of metal gates in public rental housing estates.

PRC

Since December 2018, the Group have commenced to diversify and expand the business to the PRC. Up to the date of this announcement, with the efforts of the Group and the Joint Venture Partners, two construction projects, namely Kaihua Project and Sanmen Project, have been awarded to the Group with the total contract sum of RMB800 million. The Group expects that the construction for these two projects will commence in the third and fourth quarters of 2019 respectively.

In the coming years, the Group is optimistic to develop and expand its construction business in the PRC, especially in the Greater Bay Area where the government has launched plans to promote the economic development and regional cooperation, including infrastructure and connectivity plans between Guangdong, Hong Kong and Macau. The Board considers that it gives various opportunities to the market players, including the Group, to expand their footprints in the area. As such, the Group will seek opportunities to working in joint ventures and partnerships, including enterprises in the PRC that possess relevant experience and resources, to participate in the development projects.

Looking forward, the Group will continue to explore various new opportunities for developing and expanding its construction business in the PRC. The Board is of the view that the establishment of HY Capital and its subsidiaries, and the collaboration with the Joint Venture Partners to develop the construction and real estate markets will diversify its business in terms of geographical and enhance the long term growth of the Group.

FINANCIAL REVIEW

Revenue

During the year ended 31 March 2019, the overall revenue of the Group has decreased by approximately HK\$17.3 million, or approximately 8.7% compared to the year ended 31 March 2018, from approximately HK\$199.2 million to approximately HK\$181.9 million.

The overall decrease was due to an increase in provision of steel and metal engineering services offset by a decrease in the sales of steel and metal products, which is further explained below.

Provision of steel and metal engineering services

Revenue from the provision of steel and metal engineering services increased slightly by approximately HK\$7.3 million, or 5.2%, from approximately HK\$140.6 million for the year ended 31 March 2018 to approximately HK\$147.9 million for the year ended 31 March 2019. The increase in revenue was primarily due to the completion of several public housing projects such as the projects located in Tung Chung and Yuen Long, and substantial progress was made for six projects in which amongst others are two projects located in Sha Tin and Kwun Tong. Meanwhile, several significant projects, such as public housing projects located in Sham Shui Po and Tseung Kwan O, have started to generate revenue during the year ended 31 March 2019.

The Group expects the public housing projects in Sham Shui Po will enter into intensive stage in the second and third quarters of 2019.

Sales of steel and metal products

Revenue from the sales of steel and metal products decreased by approximately HK\$24.5 million, or 41.8% from approximately HK\$58.6 million for the year ended 31 March 2018 to approximately HK\$34.1 million for year ended 31 March 2019. As the policy implemented by the Housing Authority is approaching the ending stage, the demand of the standardised collapsible gates has significantly declined, leading to a shift of product mix and a decrease in the number of standardised collapsible gates sold during the year.

Direct costs

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

For the year ended 31 March 2019, the Group's direct costs amounted to approximately HK\$121.4 million, representing a mild decrease of approximately HK\$3.4 million, or approximately 2.7%, as compared to the direct costs of approximately HK\$124.8 million for the year ended 31 March 2018. The mild decrease of direct cost was mainly attributable to the decrease in sales of steel and metal products.

Gross profit and gross profit margin

For the year ended 31 March 2019, the gross profit of the Group decreased by approximately HK\$13.9 million, or approximately 18.7%, compared to the year ended 31 March 2018, from approximately HK\$74.4 million to approximately HK\$60.5 million. The gross profit margin was approximately 33.2%, as compared to that of approximately 37.3% for the year ended 31 March 2018. The decrease in gross profit and gross profit margin were in line with the decreased revenue from the sales of steel and metal products, and the increased labour cost rate for the year ended 31 March 2019.

Other income and other gains and losses

Other income mainly represented gain on disposal of investment property classified as held for sales/investment properties, interest income from bank deposits, and disposal of scrapped material.

The Group recorded other income and other gains and losses of approximately HK\$2.2 million gain for the year ended 31 March 2019 and approximately HK\$7.8 million gain for the year ended 31 March 2018. Such decrease was mainly attributable to the decrease in gain on disposal of investment property classified as held for sale/investment properties of approximately HK\$5.0 million which offsets by the increase in interest income of HK\$0.7 million.

Finance costs

Our finance costs remained relatively stable at approximately HK\$0.1 million for both years ended 31 March 2018 and 2019.

Administrative expenses

For the year ended 31 March 2019, the administrative expenses increased by approximately HK\$10.1 million or approximately 77.1%, compared to the year ended 31 March 2018, from approximately HK\$13.1 million to approximately HK\$23.2 million. The increase was mainly because of (i) the increase in other staff cost arising from the bonus payments and the equity-settled share option expenses of approximately HK\$5.1 million; (ii) the increase in Directors' emoluments of approximately HK\$1.6 million for the year ended 31 March 2019; and (iii) the increase in professional fees of approximately HK\$2.4 million, such as the legal fee and the audit fee.

Impairment loss on trade receivables and contract assets

For the year ended 31 March 2019, the Group made provision for expected credit loss on trade receivables and contract asset amounted to approximately HK\$3.6 million in aggregate (2018: nil). Out of such provision, approximately HK\$3.3 million was made on credit-impaired trade receivables and contract assets due to one of our major customers went into liquidation process during the year.

Listing expenses

For the year ended 31 March 2019, our listing expenses amounted to approximately HK\$12.8 million (approximately HK\$6.4 million in 2018), which are non-recurring in nature.

Income tax expense

For the year ended 31 March 2019, the income tax expense decreased by approximately HK\$3.3 million, or approximately 32.0%, compared to the year ended 31 March 2018, from approximately HK\$10.3 million to approximately HK\$7.0 million. Such decrease was mainly due to the decrease in operating profits earned in Hong Kong.

The overall effective tax rate of the Group for the year ended 31 March 2019 is approximately 30.5% (2018: 16.5%). The increase in overall effective tax rate is a result of the non-tax-deductible listing expenses and equity-settled share option expenses coupled with the increase in operating profits earned in the PRC.

Profit for the year

For the year ended 31 March 2019, the profit for the year has decreased by approximately HK\$36.1 million or approximately 69.2% compared to the year ended 31 March 2018, from approximately HK\$52.2 million to approximately HK\$16.1 million. The decrease was primarily due to (i) the decrease in gross profit of approximately HK\$13.9 million; (ii) the increase in administrative expenses of approximately HK\$10.1 million; (iii) the increase in non-recurring listing expenses of approximately HK\$6.4 million; (iv) the decrease in other income and other gains of approximately HK\$5.6 million; (v) the increase in impairment loss on trade receivables and contract assets of approximately HK\$3.6 million; and (vi) the decrease of income tax expense of approximately HK\$3.3 million.

Adjusted profit before taxation for the year

The adjusted profit before taxation for the year would reflect a more precise performance in relation to the operation after excluding those non-recurring in nature.

The adjusted profit before taxation for the year has decreased by HK\$17.0 million, or 27.2%, compared to the year ended 31 March 2018, from approximately HK\$62.6 million to approximately HK\$45.6 million.

The adjusted profit before taxation for the year ended 31 March 2019 represented profit before taxation of approximately HK\$23.1 million, after excluding non-recurring in nature transactions, such as (i) listing expenses of approximately HK\$12.8 million; (ii) equity-settled share option expenses of approximately HK\$4.4 million; (iii) one-off listing bonus to staff of approximately HK\$3.0 million; (iv) impairment loss on trade receivables and contract assets of approximately HK\$3.6 million; and (v) the gain on disposal of investment property classified as held for sale of approximately HK\$1.3 million.

LIQUIDITY, FINANCIAL POSITION AND CAPITAL STRUCTURE

The shares of the Company (the “**Shares**”) were successfully listed on the Main Board of the Stock Exchange on 12 October 2018.

The Group maintained a sound financial position during the year ended 31 March 2019. As at 31 March 2019, the Group had total bank balances and cash of approximately HK\$55.0 million (2018: approximately HK\$28.6 million). As at 31 March 2019, the Group had net current asset of approximately HK\$226.8 million, representing an increase of approximately HK\$145.0 million as compared to that of approximately HK\$81.8 million as at 31 March 2018.

As at 31 March 2019, the gearing ratio of the Group, calculated based on the total interest-bearing debts (including bank borrowings and obligations under finance leases) divided by the total equity as at the end respective years and multiplied by 100%, was approximately 12.3% (2018: 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\$26.4 million from approximately HK\$28.6 million as at 31 March 2018 to approximately HK\$55.0 million as at 31 March 2019. The increase in cash and cash equivalents balance was mainly due to (i) the net proceeds arising from the initial public offering on 12 October 2018 of approximately HK\$130.0 million; (ii) the net cash flows arising from the bank borrowings of approximately HK\$28.6 million; (iii) net proceeds arising from the exercise of share option of approximately HK\$11.6 million; and (iv) operating cash inflow before movements in working capital of approximately HK\$32.0 million while offset by (i) payment of earnest money pursuant to the strategic cooperation agreement dated 21 December 2018 of approximately HK\$22.8 million; (ii) payment of dividends of approximately HK\$33.9 million in aggregate during the year ended 31 March 2019; (iii) placement of short term bank deposits of HK\$60.0 million; (iv) placement of pledged bank deposits of HK\$40.0 million; and (v) payment of income tax of approximately HK\$15.8 million.

Borrowings

The major source of debt financing of the Group was mainly from banks.

As at 31 March 2019, the Group had bank borrowings of HK\$30 million (31 March 2018: approximately HK\$1.4 million). All of the bank borrowings were with a repayment on demand clause. All of the bank borrowings were at floating rate of Hong Kong Interbank Offered Rate (“**HIBOR**”) plus 2% per annum.

CHARGE ON GROUP ASSETS

As at 31 March 2019, the Group had HK\$40 million bank deposit pledged to the a bank (31 March 2018: the Group had pledged approximately HK\$1.3 million of motor vehicles and approximately HK\$3.4 million of investment property classified as held for sale).

LITIGATION, CLAIMS AND NON-COMPLIANCES

Save as disclosed in the prospectus of the Company dated 28 September 2018 (the “**Prospectus**”), during the year ended 31 March 2019, the Group had not been involved in claims or litigation which had material adverse effect on our business, results of operations or financial condition or on our Shares.

The outstanding case mentioned in the Prospectus has been settled during the year and there is no further cost shall be borne by the Company.

FOREIGN EXCHANGE EXPOSURE

The Group mainly earns revenue in HK\$ and incurs costs in RMB and HK\$. The Group is exposed to foreign exchange risk based on fluctuations between HK\$ and RMB arising from its core operation in the PRC. In order to minimise the foreign currency risk exposure between these two currencies, the Group generally maintains cash balances in both currencies that are sufficient to meet at least three to four months of operating cash flows requirements of the Group.

The Group had not experienced any material effects on its operation or liquidity as a result of fluctuations in currency exchange rates and had not adopted any currency hedging policy or any hedging instrument during the year ended 31 March 2019. 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’s fair value interest rate risk relates primarily to fixed-rate pledged bank deposits and short-term bank deposits. Currently, the Group has not used any derivative contracts to hedge these exposure to interest rate risk. However, management monitors interest rate exposure and will consider hedging interest rate risk should the need arises.

The Group is exposed to cash flow interest rate risk in relation to variable-rate bank balances and bank borrowings. The Group currently does not have any interest rate hedging policy. The management of the Group monitors the Group’s exposure on ongoing basis and will consider hedging interest rate risk should the need arises.

The Group’s cash flow interest rate risk is mainly concentrated on the fluctuation of HIBOR (2018: Hong Kong dollar prime rate) arising from the Group’s variable-rate bank borrowings.

CAPITAL EXPENDITURE AND CAPITAL COMMITMENT

For the year ended 31 March 2019, the Group has contributed approximately HK\$3.3 million in the acquisition of property, plant and equipment 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 Group did not have any material capital commitment as at 31 March 2019 (2018: Nil).

CONTINGENT LIABILITIES

The Group did not have any material contingent liabilities as at 31 March 2019 (2018: Nil).

MATERIAL ACQUISITION AND DISPOSALS OF SUBSIDIARIES AND ASSOCIATED COMPANIES

For the year ended 31 March 2019, the Group did not have any material acquisitions or disposals of subsidiaries or associated companies.

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 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, the below table sets out the proposed application and the status of utilisation.

As at 31 March 2019, the net proceeds from the global offering had been applied as follows:

	Net Proceeds		
	Planned	Utilised	Unutilised
	<i>(HK\$'000)</i>	<i>(HK\$'000)</i>	<i>(HK\$'000)</i>
Acquiring machines to replace and enhance the Group's production capacity	51,200	1,763	49,437
Expanding the Group's workforce in Hong Kong and the PRC	33,700	519	33,181
Renovation and re-design of the Group's existing production facilities	24,100	798	23,302
Purchasing delivery trucks	5,000	–	5,000
Upgrading the Group's information technology system and equipment	3,500	525	2,975
General working capital	12,500	12,500	–
	<u>130,000</u>	<u>16,105</u>	<u>113,895</u>

The unutilised net proceeds of HK\$113.9 million were deposited in the licensed banks in Hong Kong and the PRC.

FINAL DIVIDENDS

The Board has recommended the declaration of a final dividend of HK0.5 cent per share for the year ended 31 March 2019. Together with the interim dividend of HK1.3 cents per ordinary share paid by the Company, the total dividend per ordinary share for the year will be HK1.8 cents. Subject to the approval of the shareholders at the forthcoming annual general meeting of the Company, the final dividend will be paid on or around 20 September 2019 to shareholders whose names appear on the register of the members of the Company on 6 September 2019.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed during the following periods:

- i) From 26 August 2019 to 29 August 2019, both days inclusive, for the purpose of ascertaining shareholders' entitlement to attend and vote at the 2019 Annual General Meeting. In order to be entitled to attend and vote at the 2019 annual general meeting, all completed transfer documents accompanied by the relevant share certificates have to be lodged with the Company's branch share registrar, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, no later than 4:30 p.m. on 23 August 2019 (Hong Kong time); and
- ii) From 4 September 2019 to 6 September 2019, both days inclusive, for the purpose of ascertaining shareholders' entitlement to the proposed final dividend. In order to establish entitlements to the proposed final dividend, all completed transfer documents accompanied by the relevant share certificates have to be lodged with the Company's branch share registrar, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, no later than 4:30 p.m. on 3 September 2019 (Hong Kong time).

EMPLOYEES AND REMUNERATION POLICY

As at 31 March 2019, we employed a total of 283 (2018: 335) full-time employees, 141 (2018: 174) of them are located in Hong Kong, and 142 (2018: 161) of them are located in the PRC. 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 total staff costs incurred by the Group for the year ended 31 March 2019 was approximately HK\$68.9 million, representing an increase of approximately HK\$18.0 million compared to approximately HK\$50.9 million for the year ended 31 March 2018. The increase in the staff costs was mainly a result of (i) a significant increase in the costs of staff and pension in the PRC and Hong Kong; (ii) a one-off bonus to staff after the successful Listing; and (iii) equity-settled share option expenses arising from the grant of share options.

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 its 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 movement of share options during the year ended 31 March 2019 is as follows:

Category of grantees	Date of grant	Exercisable period	Exercise price per Share (HK\$)	As of 1 April 2019	Year ended 31 March 2019				As at 31 March 2019
					Granted	Exercised	Cancelled	Forfeited	
Senior management and other employees	11 January 2019	11 January 2022 to 10 January 2024	1.53	-	4,400,000	-	(50,000)	-	4,350,000
		11 January 2023 to 10 January 2024	1.53	-	4,400,000	-	(50,000)	-	4,350,000
		11 January 2019 to 10 January 2020	1.53	-	7,600,000	(7,600,000)	-	-	-
Consultant	11 January 2019	11 January 2019 to 10 January 2021	1.53	-	7,600,000	-	-	-	7,600,000

CORPORATE GOVERNANCE

The Board has reviewed the Company’s corporate governance practices and is satisfied that the Company has complied with the code provisions set out in the Corporate Governance Code contained in Appendix 14 of the Listing Rules throughout the period from the Listing Date to the date of this announcement, except for the deviation as mention below.

Code Provision A.2.1 of the Corporate Governance Code stipulates that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. Mr. PS Lee currently holds both positions. The Board believes that vesting the roles of both Chairman of the Board and chief executive officer in the same person would allow the Company to be more effective and efficient in developing long term business strategies and execution of business plans.

The Board will continue to regularly review and monitor its corporate governance practices to ensure compliance with the Corporate Governance Code, and maintain a high standard of corporate governance practices of the Company.

MODEL CODE FOR SECURITIES TRANSACTION 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. Upon enquiry by the Company, all Directors have confirmed that they have complied with the required dealing standards set out in the Model Code throughout the period from the Listing Date to the date of this announcement.

COMPETING INTERESTS

The Directors confirm that none of the controlling shareholders of the Company or the Directors and their respective close associates (as defined in the Listing Rules) is interested in any business apart from the business operated by the Group which competes or is likely to compete, directly or indirectly, with the Group’s business during the year ended 31 March 2019.

COMPLIANCE ADVISER’S INTERESTS

As informed by the Company’s compliance adviser, Fortune Financial Capital Limited (the “**Compliance Adviser**”), as at 31 March 2019, except for the compliance adviser agreement entered into between the Company and the Compliance Adviser dated 8 May 2018, the Compliance Adviser nor its directors, employees or close associates had any interests in relation to the Group, which is required to be notified to the Group pursuant to the Listing Rules.

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

Throughout the period from the Listing Date to the date of this announcement, 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 BY THE AUDIT COMMITTEE

As at the date of this announcement, the audit committee of the Board (the “**Audit Committee**”) comprises all the independent non-executive Directors, namely Mr. Tse Ka Ching Justin, Mr. Au Yeung Wai Key and Hon Cheung Kwok Kwan, JP. Mr. Tse Ka Ching Justin currently serves as the chairman of the Audit Committee.

The annual results of the Group for the year ended 31 March 2019 and this results announcement have been reviewed and approved by the Audit Committee.

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 2019 as set out in this 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 ended 31 March 2019. 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 this announcement.

ANNUAL GENERAL MEETING

The annual general meeting of the Company will be held in Hong Kong on Thursday, 29 August 2019. The notice of the annual general meeting will be issued and despatched in due course.

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 2019 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.

By order of the Board
Hang Yick Holdings Company Limited
Lee Pui Sun
Chairman and Executive Director

Hong Kong, 27 June 2019

As at the date of this announcement, the Board comprises Mr. Lee Pui Sun and Ms. Lau Lai Ching as executive Directors, Mr. Lee Ka Chun Benny as non-executive Director, and Mr. Au Yeung Wai Key, Hon Cheung Kwok Kwan, JP and Mr. Tse Ka Ching Justin as independent non-executive Directors.