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## **HANG YICK HOLDINGS COMPANY LIMITED**

### **恒益控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 1894)**

**(I) QUARTERLY UPDATES;  
(II) RESIGNATION OF NON-EXECUTIVE DIRECTOR;  
(III) CHANGE OF MEMBER OF NOMINATION COMMITTEE;  
AND  
(IV) APPOINTMENT OF CHAIRMAN**

#### **QUARTERLY UPDATES**

This announcement is made by Hang Yick Holdings Company Limited (the “**Company**”, collectively with its subsidiaries, the “**Group**”) pursuant to Rule 13.09 of the Listing Rules and the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

References are made to the announcements of the Company (i) dated 21 July 2021, 21 October 2021, 21 January 2022, 21 April 2022 and 21 July 2022 in relation to, among other matters, the Resumption Guidance; (ii) dated 2 September 2022 in relation to, among other matters, the key findings of the Independent Investigation; and (iii) dated 14 September 2022 in relation to, among other matters, the resignation of the Involved Directors (collectively, the “**Announcements**”). Capitalised terms used herein shall have the same meanings as defined in the Announcements unless otherwise stated.

#### **Status of Fulfilment of Resumption Guidance**

On 19 July 2021, the Company has been notified by the Stock Exchange of the following Resumption Guidance:

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

- (ii) conduct an independent internal control review and demonstrate that the Company has in place adequate internal controls and procedures to meet obligations under the Listing Rules;
- (iii) publish all outstanding financial results required under the Listing Rules and address any audit modifications;
- (iv) demonstrate compliance with Rule 13.24 of the Listing Rules;
- (v) demonstrate that there is no reasonable regulatory concern about management integrity and/or the integrity of any persons with substantial influence over the Company's management and operations, which may pose a risk to investors and damage market confidence;
- (vi) demonstrate that the Directors meet a standard of competence commensurate with their position as directors of a listed issuer and fulfill duties of skill, care and diligence as required under Rules 3.08 and 3.09 of the Listing Rules; and
- (vii) announce all material information for the Shareholders and other investors to appraise the Company's position.

### ***Independent Investigation***

As announced in the announcement of the Company dated 7 June 2021, the SIC has engaged RSM as independent forensic accountant to conduct the Forensic Accounting Review in respect of the suspected and/or alleged misconduct of the Involved Directors. The Board has reviewed the Investigation Report and announced the key findings of the Independent Investigation in the announcement of the Company dated 2 September 2022.

In light of the issues identified in the Investigation Report and having taken into consideration the recommendations provided by RSM and the proposed remedy actions recommended by the SIC, the Company has adopted the recommendations of RSM and the SIC and has taken and/or implemented the necessary remedial actions to safeguard the interests of the Company and its Shareholders, including but not limited to:

- (i) reporting cases of suspected fraud to the police;
- (ii) taking appropriate legal actions to recover the relevant outstanding sums in connection with the Alleged Bogus Transactions and the suspicious PPDA transactions;
- (iii) having considered the suitability and integrity of the Involved Directors, the Board has resolved that the Involved Directors were no longer suitable in holding any position within the Group and each of the Involved Directors has resigned from

his/or her position as executive Directors with effect from 14 September 2022, and as directors, company secretaries and/or legal representatives of all subsidiaries of the Company with effect from 30 September 2022;

- (iv) to strengthen the management of the Company, the Board has (a) taken all reasonable steps to ensure that all the existing Directors have fulfilled their fiduciary duties and duties of skill, care and diligence to a standard at least commensurate with the standard established by Hong Kong law; and (b) resolved to employ appropriate experienced personnel who meets the required standard of integrity and competence to join the Board;
- (v) arranging trainings in relation to the updated written policies for all level of employees of the Group;
- (vi) appropriate measures and policies have been implemented by the Board to strengthen its governance and operational control over the supervision of its office operations and the Group;
- (vii) engaged an independent internal control consultant to conduct a comprehensive review of the internal controls and procedures of the Group and implementing the remedial measures recommended by the internal control consultant to enhance and strengthen its internal controls.

### ***Internal Control Review***

As announced in the announcement of the Company dated 21 October 2021, the Company has engaged Crowe on 7 October 2021 to assist the Group in carrying out the Internal Control Review. As at the date of this announcement, the Internal Control Review has been completed and the final draft report of the Internal Control Review has been issued. The Board has implemented/in the course of implementing the instantaneous measures in response to the recommendations of remedial measures proposed by Crowe, and will continue to follow up on the implementation of the enhanced internal control procedures recommended by Crowe to ensure that a more effective internal control and compliance system are in place.

### ***Publication of annual results for the years ended 31 March 2021 and 31 March 2022 (the “Annual Results”), and the interim results for the six months ended 30 September 2021***

To allow the Shareholders and potential investors of the Company to appraise the financial position of the Company, announcements of the unaudited Annual Results and of the unaudited interim results for the six months ended 30 September 2021 have been published on 21 October 2022. Following completion of the auditing process, which is expected to be completed on or before 31 January 2023, the Company will issue further announcement(s) in relation to the audited Annual Results and the material differences

(if any) as compared with the unaudited Annual Results. In addition, the Company will issue further announcement(s) as and when necessary if there are other material developments in the completion of the auditing process once it can be ascertained.

***Demonstrate compliance with Rule 13.24***

The Group is principally engaged in the provision of steel and metal engineering services in Hong Kong, ranging from design, manufacture, supply and installation of steel and metal products for construction projects, under the brand “Hang Yick (恒益)”.

As at the date of this announcement, the business operations of the Group are continuing as usual in all material respects with a clear, viable and sustainable business model and operation. The Group has ceased its post-IPO business in the PRC led by Mr. A and Mr. B. In light of the favourable government policies, the Group aims to focus on its construction business in Hong Kong. The Group will also expand the existing factory situated at the PRC and implement more advanced automation to enhance the production capacity and efficiency to fulfill the increasing demand of the steel and metal product and reduce the reliance of skilled labour to cope with the aging population in the PRC. The Board will continue to assess and monitor the impact of the suspension of trading (if any) on the operations and financial performance of the Company.

Based on the latest financial figures available to the Company, despite the incident relating to the Involved Directors, there is no adverse impact on the revenue of the Company after the suspension of the Involved Directors and the Group has maintained its level of operations in the past with sizable assets, and the Board is confident that the Company can demonstrate its compliance with the requirement of Rule 13.24 of the Listing Rules.

***Management integrity***

As announced in the announcement of the Company dated 14 September 2022, each of Mr. PS Lee, Ms. Lau and Mr. KH Lee, being all of the Involved Directors, has resigned from his/her position as an executive Director with effect from 14 September 2022. Further, with effect from 30 September 2022, the Involved Directors no longer hold office or act as directors, company secretaries and/or legal representatives of all subsidiaries of the Company.

Despite the fact that Mr. Lee Ka Chun Benny (“**Mr. KC Lee**”) is not one of the Involved Directors nor was he involved in any of the Alleged Bogus Transactions or the suspicious PPDA Transactions, he has also tendered his resignation from his position as a non-executive Director, a member of the Nomination Committee and a director of all relevant subsidiaries of the Company with effect from 21 October 2022, so as to avoid inviting suspicions in connection with the alleged misconduct of the Involved Directors. For details of the resignation of Mr. KC Lee, please refer to the paragraph headed “Resignation of Non-executive Director” below.

As of today, the Board comprises Mr. Sin Kwok Chi Stephen (“**Mr. Sin**”) as an executive Director, Mr. Au Yeung Wai Key, Mr. Tse Ka Ching Justin and Mr. Cheung Chun Man Anthony as independent non-executive Directors. None of them were involved in the Alleged Bogus Transactions and the suspicious PPDA Transactions, nor were they subject to any investigation by SFC or other enforcement agencies that would raise any concern over their integrity and competence in carrying out their director’s duties.

### ***Directors’ competency***

As announced in the announcement of the Company dated 9 June 2021 in relation to the appointment of executive Director, subsequent to the suspension of duties of the Involved Directors, Mr. Sin has been promoted as an executive Director with effect from 9 June 2021, to oversee the management and daily operation of the Group.

To further strengthen the management of the Company, the Board is also in the course of identifying suitable candidate to join the Board and senior management of the Company. Further announcement(s) regarding such appointment will be made by the Company as and when appropriate.

### ***Announcement of all material information***

The Company will continue to publish quarterly updates announcement(s) and relevant announcement(s) of the latest development of the Company from time to time.

### **Submission of Resumption Proposal and Application for Extension of Remedial Period**

On 19 October 2022, the Company submitted a resumption proposal (the “**Resumption Proposal**”) together with a letter in relation to the Resumption Proposal to the Listing Division of the Stock Exchange to address the Resumption Guidance given by the Listing Division, at the same time striving to demonstrate that during the period from the suspension of trading in the shares of the Company up to the date of the submission, save for the completion of the audit of the Annual Results, the Company was able to fulfill the conditions set out in the Resumption Guidance and complete a number of initiatives to resume trading.

Further, the Company submitted an application (the “**Extension Application**”) to the Stock Exchange for an extension of the remedial period up to 31 January 2023 for the Company to fulfil the conditions set out in the Resumption Guidance, particularly to complete the audit in respect of the Annual Results.

Announcement(s) will be issued by the Company to update the Shareholders and potential investors of the Company the status of the Extension Application as and when appropriate. The Company remains committed to the Resumption Guidance and will make further announcement as and when appropriate should there be any material development on the Resumption Guidance.

## **RESIGNATION OF NON-EXECUTIVE DIRECTOR**

As mentioned above, for the reason stated above, Mr. KC Lee has resigned as a non-executive Director and a member of the Nomination Committee of the Company with effect from 21 October 2022.

Mr. KC Lee has confirmed that he has no disagreement with the Board and there is no matter relating to his resignation that needs to be brought to the attention of the Shareholders or the Stock Exchange. The Board would like to express its deepest gratitude to Mr. KC Lee for his valuable contributions during his tenure of office.

## **CHANGE OF MEMBER OF NOMINATION COMMITTEE**

Following the resignation of Mr. KC Lee, Mr. Cheung Chun Man Anthony is appointed to be the chairman and a member of the Nomination Committee of the Company with effect from 21 October 2022.

## **APPOINTMENT OF CHAIRMAN**

Following the resignation of Mr. KC Lee as a non-executive Director on 21 October 2022, Mr. Sin shall be appointed as Chairman of the Board with effect from 21 October 2022.

## **CONTINUED SUSPENSION OF TRADING OF THE SHARES**

Trading in the shares of the Company on the Stock Exchange has been halted with effect from 9:00 a.m. on 22 April 2021 and shall remain halted until further notice.

In the meantime, Shareholders and potential investors of the Company are advised to exercise caution when dealing in shares of the Company.

By order of the Board  
**Hang Yick Holdings Company Limited**  
**Sin Kwok Chi Stephen**  
*Chairman, Chief Executive Officer and Executive Director*

Hong Kong, 21 October 2022

*As at the date of this announcement, the Board comprises Mr. Sin Kwok Chi Stephen as executive Director, and Mr. Au Yeung Wai Key, Mr. Tse Ka Ching Justin and Mr. Cheung Chun Man Anthony as independent non-executive Directors.*