

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

HANG YICK HOLDINGS COMPANY LIMITED

恒益控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1894)

CHANGE IN USE OF PROCEEDS

Reference is made to the prospectus of Hang Yick Holdings Company Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) dated 28 September 2018 (the “**Prospectus**”) in relation to the listing of the Company’s shares on the Main Board of The Stock Exchange of Hong Kong Limited, and the annual report of the Group for the year ended 31 March 2024 (the “**Annual Report**”). Unless otherwise defined, capitalised terms used in this announcement shall have the same meanings as defined in the Prospectus.

CHANGE IN USE OF PROCEEDS

As disclosed in the Annual Report, aggregate net proceeds raised by the Company from Global Offering were approximately HK\$130.0 million (“**Net Proceeds**”). As at the date of this announcement, the unutilised net proceeds amounted to approximately HK\$47.7 million (the “**Unutilised Net Proceeds**”). The Board has resolved to change the use of the Unutilised Net Proceeds as follows:

	Original allocation of approximate amount of Net Proceeds (HK\$'000)	Approximate actual amount of utilised Net Proceeds as at the date of this announcement (HK\$'000)	Approximate amount of Unutilised Net Proceeds as at the date of this announcement (HK\$'000)	Change in use of the Unutilised Net Proceeds (HK\$'000)	Revised allocation of the Unutilised Net Proceeds (HK\$'000)	Notes	Updated expected timeline of full utilisation of the balances
Acquiring machines to replace and enhance the Group's production capacity	51,200	21,200	30,000	(25,000)	5,000	1,2	On or before 31 March 2025
Expanding the Group's workforce in Hong Kong and the PRC	33,700	33,700	—	—	—		
Renovation and re-design of the Group's existing production facilities	24,100	6,390	17,710	(15,000)	2,710	1,2	On or before 31 March 2025
Purchasing delivery trucks	5,000	5,000	—	—	—		
Upgrading the Group's information technology system and equipment	3,500	3,500	—	—	—		
Settlement of debts included in accruals trade and other payables	—	—	—	7,000	7,000	2	On or before 31 December 2024
For the preliminary site expenses including design costs and prepayments to sub-contractors	—	—	—	13,000	13,000	2	On or before 31 December 2024
General working capital	12,500	12,500	—	20,000	20,000	2,3	On or before 31 December 2024
	<u>130,000</u>	<u>82,290</u>	<u>47,710</u>	<u>—</u>	<u>47,710</u>		

Note 1: The scheduled and expected timeline for using the Unutilised Net Proceeds after the change in use of the Unutilised Net Proceeds for (i) acquiring machines to replace and enhance the Group's production capacity of HK\$5.0 million; and (ii) renovation and re-design of the Group's existing production facilities of HK\$2.7 million are expected to be on or before 31 March 2025.

Note 2: The estimated schedule for utilising the Unutilised Net Proceeds is based on the best estimation made by the Group on future market condition and may change with the current market condition and future development.

Note 3: The Company is expected to re-allocate HK\$20.0 million to general working capital after the change in use of the Unutilised Net Proceeds, and is expected that the re-allocated Unutilised Net Proceeds in the amount of HK\$20.0 million shall be fully utilised on or before 31 December 2024. Of the HK\$20.0 million used for general working capital, approximately 70% of which shall be applied on staff costs (including salaries and allowances); approximately 5% on rental expenses; approximately 5% on legal and professional fee; and approximately 20% on general administrative and operating expenses (including utilities, insurance, government registration and filing fees, listing fee and other sundry expenses).

Save as disclosed in this announcement, there are no other changes to the use of the proceeds.

REASONS FOR AND BENEFITS OF THE CHANGE IN USE OF PROCEEDS

During the year 2024, the Group was able to take the advantage of the Government policy and expanded our order book. However, the persistent high-interest rate climate and recent downturn of the property market has inevitably impacted the liquidity of the construction industry. Based on the current economic conditions and industry environment, the customers have been scrutinising the certified work more closely, which has resulted in longer payment time and the amount of working capital required for the ongoing and future projects are increased.

Based on the unaudited financial information of the Group as at the date of this announcement, the Group's net cash position was approximately HK\$49.5 million, including the planned and on-going capital expenditure before the change in use of Unutilised Net Proceeds in total of HK\$47.7 million under the original allocation of the use of proceeds from Global Offering for acquiring machines to replace and enhance our production capacity and renovation and re-design of our existing production facilities of approximately HK\$30.0 million and HK\$17.7 million respectively. After excluding the above amounts, the general working capital available for the Group was HK\$1.8 million at the date of this announcement.

The Board considers that the change in use of Unutilised Net Proceeds will strengthen the financial position of the Group and allow the Group to deploy its finance resources more effectively. The Board believes that the re-allocation of the Unutilised Net Proceeds will provide higher level of flexibility for the Group to manage its assets and liabilities against the current unstable business environment.

The Board confirms that there are no material changes in the nature of the business of the Group as set out in the Prospectus.

The Board considers that the re-allocation of the unutilised use of proceeds will not have any material adverse impact on the existing business and operations of the Group and is in the best interest of the Company and its shareholders as a whole.

The Board will continuously assess the plans for the use of the unutilised use of proceeds and may revise or amend such plans where necessary to cope with the changing market conditions in order to strive for a better performance of the Group.

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

By order of the Board
Hang Yick Holdings Company Limited
Deng Chaowen
Chairman

Hong Kong, 27 September 2024

As at the date of this announcement, the Board comprises Mr. Sin Kwok Chi Stephen and Mr. Law Hok Yu as executive directors, and Mr. Shi Jianwen and Mr. Deng Chaowen as independent non-executive directors.