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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)

(1) STATUS OF FULFILMENT OF RESUMPTION GUIDANCE; AND (2) DECISION OF THE LISTING REVIEW COMMITTEE OF THE STOCK EXCHANGE

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 dated 7 June 2021, 9 June 2021, 21 July 2021, 21 October 2021, 21 January 2022, 21 April 2022, 21 July 2022, 2 September 2022, 21 October 2022, 9 December 2022, 16 December 2022, 29 December 2022, 18 January 2023, 31 January 2023, 10 February 2023 and 23 March 2023 (together the “**Announcements**”). Unless otherwise specified, capitalised terms used in this announcement shall have the same meaning as those defined in the Announcements.

On 16 December 2022, the Company received a letter from the Stock Exchange notifying the Company that the Listing Committee, having considered that the Company had not met any of the Resumption Guidance, decided to cancel the Company’s listing. On 29 December 2022, the Company submitted an application requesting for review of the Decision by the Listing Review Committee of the Stock Exchange (the “**Listing Review Committee**”). The Listing Review Committee heard the application for the Review on 24 March 2023 (the “**Hearing**”).

The Board hereby announces that the Company received a letter from the Listing Review Committee dated 4 April 2023 indicating that they had decided to overturn the Decision of the Listing Committee to cancel the Company’s listing under Rule 6.01A (“**LRC Decision**”) and instead grant an extension of the remedial period to 28 June 2023.

STATUS OF FULFILMENT OF RESUMPTION GUIDANCE

The following sets out the status of each of the Resumption Guidance being fulfilled by the Company:

Resumption Guidance 1 — publish all outstanding financial results required under the Listing Rules and address any audit modifications

As at the date of this announcement, all of the Company's outstanding financial results have been published as follows:

- (a) on 21 October 2022, the Company published its unaudited interim results for the six months ended 30 September 2021 (which was supplemented on 10 March 2023) with the relevant interim report issued on 10 March 2023;
- (b) on 30 November 2022, the Company published its unaudited interim results for the six months ended 30 September 2022 (which was supplemented on 10 March 2023) with the relevant interim report issued on 10 March 2023; and
- (c) on 31 January 2023, the Company published its audited annual results for the years ended 31 March 2021 and 2022 with the relevant annual reports issued on 2 March 2023.

As confirmed by the auditors of the Group, the disclaimers opinion contained in the audited annual results for the years ended 31 March 2021 and 2022 will be removed in the coming years.

Accordingly, the Resumption Guidance 1 has been fulfilled.

Resumption Guidance 2 — conduct an appropriate independent investigation into the issues identified and take appropriate remedial actions

The SIC has engaged RSM Corporate Advisory (Hong Kong) Limited (“**RSM Advisory**”) as independent forensic accountant to conduct the Independent Investigation on the Alleged Bogus Transactions between June 2021 and September 2022. In the investigative process, RSM Advisory also discovered several PPDA transactions. Detailed summary of the major findings of the Independent Investigation and recommendations made by RSM Advisory has been set out in the announcement dated 2 September 2022.

Following the recommendations in the Investigation Report, the Company had taken remedial actions including but not limited to (i) the appointment of new Directors to replace the Involved Directors; (ii) the rectification of the internal control deficiencies; (iii) reporting the matters to the police; and (iv) taking legal action against parties involved in the suspicious PPDA transactions.

Accordingly, the Resumption Guidance 2 has been fulfilled.

Resumption Guidance 3 — demonstrate that the Company has in place adequate internal controls and procedures to meet obligations under the Listing Rules

In October 2021, the Company has engaged Crowe to assist the Group in carrying out the Internal Control Review which was completed in October 2022.

The Company has implemented all of the internal control remedial measures recommended by Crowe including but not limited to (i) removing the Involved Directors as the bank signatories of all bank accounts of the Group; (ii) strengthening anti-fraud, anti-corruption and whistleblowing policies of the Group; (iii) implementing contracts approval procedure and contract signing checklist; and (iv) committing to procure an insurance coverage for directors and officers liability upon trading resumption.

To monitor its internal control implementation, the Company has engaged CT Partners Consultants Limited as its external internal control advisor to review the Group's internal control system on a quarterly basis.

Accordingly, the Resumption Guidance 3 has been fulfilled.

Resumption Guidance 4 — demonstrate that there is no reasonable regulatory concern about management integrity

Since September 2022, the three Involved Directors had resigned from all positions of the Group. It was further noted that all of the existing members of the Board were appointed after the timing of the Alleged Bogus Transactions and the PPDA transactions.

To address the concern over the possible influence of the Involved Directors through their ownership in HY Steel Company Limited (“**HY Steel**”), being the controlling shareholder holding 66.9% of the issued share capital of the Company, HY Steel has agreed to dispose of their equity interests in the Company by way of the following:

- (a) HY Steel entered into a sale and purchase agreement with an independent third party in February 2023, whereby the latter would acquire 20% equity interest in the Company (the “**Disposal**”) conditional upon trading resumption; and
- (b) HY Steel also entered into a placing agreement with a placing agent, which is an independent third party, to place the remaining 46.9% equity interest in the Company (the “**Placing**”) to independent third party places on a best effort basis, conditional upon (i) all representations and warranties and other statements of HY Steel are, and as of the placing completion date will be, true, complete and accurate; (ii) the due performance by HY Steel of all of its obligations in the Placing agreement; (iii) the completion of the due diligence review of the assets, liabilities, operations and affairs of the Company to the satisfaction of the placing agent; and (iv) the trading resumption.

In addition, each of Mr. Lee Pui Sun, Ms. Lau Lai Ching and HY Steel had given irrevocable undertakings not to, among other things, transfer their shares in the Company other than to facilitate the Disposal and Placing and abstain from exercising their voting rights. The Company therefore considered that the concerns over the possible continued influence of Mr. Lee Pui Sun and Ms. Lau Lai Ching would not be an issue.

However, the Listing Review Committee considered that the concerns regarding the Company's management integrity could only be fully addressed if the Disposal and the Placing were completed.

Resumption Guidance 5 — demonstrate the directors meet a standard of competence required under Rule 3.08 and 3.09

The Board is newly constituted comprising Mr. Leung Fuk Shun as the chairman of the Board and independent non-executive Director, Mr. Sin Kwok Chi Stephen and Mr. Ho Chi Yuen as executive Directors, and Mr. Cheung Chun Man Anthony and Mr. Law Chi Hung as independent non-executive Directors. All the Directors are not involved in the Alleged Bogus Transactions and the PPDA transactions.

The Board has further resolved to establish a new Risk Management Committee currently comprising Mr. Law Chi Hung (the independent non-executive Director) as the chairman, and Mr. Leung Fuk Shun (the chairman of the Board and independent non-executive Director), Mr. Ho Chi Yuen (the executive Director) and Mr. Cheung Chun Man Anthony (the independent non-executive Director) as members to be responsible for overseeing and monitoring the internal control and risk management of the Group.

Accordingly, the Resumption Guidance 5 has been fulfilled.

Resumption Guidance 6 — demonstrate compliance with Rule 13.24

As shown from the Company's audited annual results for the years ended 31 March 2021 and 2022, the Group has maintained a high level of operating activities and revenue in its two business segments and the financial results of the Group are satisfactory. Based on the audited annual results for the year ended 31 March 2022, the Company has recorded a revenue of about HK\$203.6 million with a profit of about HK\$21.0 million, and net assets of about HK\$162.1 million. Based on the unaudited interim results for the six months ended 30 September 2022, the Company has recorded a revenue of about HK\$111.4 million with a profit of about HK\$6.1 million, and net assets of about HK\$188.9 million.

Regarding the concerns over the issues involving HY China Investment Company Limited and its subsidiaries (“**HY China Group**”) identified in the Independent Investigation, joint provisional liquidators have been appointed in February 2023 and the HY China Group has ceased to be controlled by the Group and was therefore deconsolidated from the consolidated financial statements of the Group. Save and except the continuing and unaffected operation of Huizhou Hengyi Wujin Zhipin Limited* (惠州恒益五金製品有限公司) as production base of the Group, the Group has no intention or plan to resume its post-IPO PRC business.

In light of the above, the Resumption Guidance 6 has been fulfilled.

Resumption Guidance 7 — announce all material information for the Company’s shareholders and investors to appraise the Company’s position

Since the suspension of trading of the shares in the Company, the Company has kept its shareholders and potential investors informed of all material information in relation to the Resumption Guidance and any relevant updates and progress by way of announcements.

In light of the above, Resumption Guidance 7 has been fulfilled.

DECISION OF THE LISTING REVIEW COMMITTEE OF THE STOCK EXCHANGE

In arriving at the LRC Decision, the Listing Review Committee recognized that but for the completion of the Disposal and the Placing, the Company had substantially implemented all steps that would lead to a resumption of trading.

As mentioned above, the Listing Review Committee considered that the Resumption Guidance 4 could only be fully addressed when the Disposal and the Placing are completed, i.e. when HY Steel has fully disposed of its interests in the Company. The Listing Review Committee therefore decided to extend the remedial period to 28 June 2023 for the Company to complete specific steps, namely the full disposal of HY Steel’s 66.9% equity interests in the Company, in order to demonstrate compliance with the Resumption Guidance 4.

The above must be fulfilled to the satisfaction of the Listing Division of the Stock Exchange (the “**Listing Division**”) by the extended deadline of 28 June 2023, following which trading in the Company’s shares may resume. Should the Company fail to complete the above to the satisfaction of the Listing Division by the extended deadline, then the listing of the Company’s shares shall immediately be cancelled. The extended deadline is intended to be final, and no further extension will be entertained.

The Company will issue further announcement(s) in relation to the progress of the Disposal and the Placing, and the fulfillment of the Resumption Guidance 4 as and when appropriate.

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.

Shareholders and potential investors of the Company who have any queries about the implications of the LRC Decision are advised to seek professional advice as they may consider appropriate. Shareholders and potential investors of the Company should exercise caution when dealing with the shares of the Company.

By order of the Board
Hang Yick Holdings Company Limited
Leung Fuk Shun
Chairman

Hong Kong, 13 April 2023

The English names of marked with “” are unofficial English translations of the Chinese names of, among others, entities, laws or regulations or government authorities, that do not have official English names. If there is any inconsistency, the Chinese names shall prevail.*

As at the date of this announcement, the Board comprises Mr. Sin Kwok Chi, Stephen, and Mr. Ho Chi Yuen as executive Directors, and Mr. Leung Fuk Shun (Chairman), Mr. Law Chi Hung, and Mr. Cheung Chun Man Anthony as independent non-executive Directors.