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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)

SUPPLEMENTAL ANNOUNCEMENT IN RELATION TO PLACING OF NEW SHARES UNDER GENERAL MANDATE

Placing Agent



Reference is made to the announcement of the Company dated 23 May 2024 in relation to the Placing of new shares under general mandate (the “**Announcement**”). Unless otherwise defined, capitalized terms used in this supplemental announcement shall have the same meanings as those defined in the Announcement.

The Company would like to supplement further information in relation to the reasons for the Placing, the use of proceeds, and the extension of the date for fulfilment of the conditions under the Placing Agreement as follows:

REASONS FOR THE PLACING AND THE IMMEDIATE FUNDING NEED

During the current year, 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. After a review of the Group’s cash flow projections and other available financing options, the Directors considered that there is an immediate funding need and make the Placing arrangement after taking the below factors into consideration.

Based on the unaudited financial information of the Group as at 31 March 2024, the Group’s net cash position was approximately HK\$63.6 million, including the planned and on-going capital expenditure in total of HK\$50.7 million under the use of proceeds from initial public offering for acquiring machines to replace and enhance our production capacity and renovation and re-design of our existing production facilities of approximately HK\$31.3 million and HK\$19.4 million respectively. After excluding the above amounts, the general working capital available for the Group was HK\$12.9 million.

Based on the current economic conditions and industry environment, the customers have been scrutinizing 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.

USE OF PROCEEDS

As disclosed in the Announcement, the Company initially intends to apply the net proceeds of HK\$7.8 million from the Placing for general working capital of the Group, and would like to strengthen the financial position of the Group. The Company would like to supplement further information for the use of Placing proceeds in the following manners:

Use of Placing Proceeds	%	HK\$
General working capital (i) Settlement of the long-aged debts, included in accruals, trade and other payables	25.6	2.0 million
(ii) For the preliminary site expenses, including design cost, and purchase of materials for the new contracts secured	38.5	3.0 million
(iii) For general working capital	<u>35.9</u>	<u>2.8 million</u>
Total	<u>100</u>	<u>7.8 million</u>

EXTENSION OF THE DATE FOR FULFILMENT OF THE CONDITIONS UNDER THE PLACING AGREEMENT

As disclosed in the Announcement, the completion of the Placing shall be conditional upon the fulfilment of the conditions set out in the “Conditions precedent to Completion” of the Announcement on 23 May 2024.

As additional time is required to fulfil the conditions as set out in the Placing Agreement, on 5 June 2024 (after trading hours), the Company and the Placing Agent, after arm’s length negotiation, have entered into a supplemental placing agreement to extend the last date for fulfilment of the conditions under the Placing Agreement from 12 June 2024 to 19 June 2024.

Save as the supplemental information in relation to the reasons for the Placing, use of proceeds, and the extension of the date for fulfilment of the conditions under the Placing Agreement as disclosed above, all other information contained in the Announcement remains unchanged.

The Placing is conditional upon (a) the passing by the Board of resolutions to approve the Placing Agreement and the transactions contemplated thereunder; and (b) the Listing Committee granting or agreeing to grant approval the listing of, and permission to deal in, the Placing Shares.

The Placing may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

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

Hong Kong, 5 June 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 Ms. Mak Suet Man, Mr. Shi Jianwen and Mr. Deng Chaowen as independent non-executive directors.