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Yield Go Holdings Ltd.
耀高控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1796)

CHANGE IN USE OF PROCEEDS

Reference is made to the prospectus of Yield Go Holdings Ltd. (the “**Company**”, together with its subsidiaries, the “**Group**”) dated 13 December 2018 (the “**Prospectus**”) in relation to the Share Offer, the annual report of the Company for the year ended 31 March 2019 (the “**Annual Report 2019**”) published on 31 July 2019 and the interim report of the Company for the six months ended 30 September 2019 (the “**Interim Report 2019**”) published on 13 December 2019. Unless otherwise defined, capitalised terms used herein shall have the same meanings as defined in the Prospectus.

USE OF PROCEEDS

As disclosed in the section headed “Future Plans and Use of Proceeds” in the Prospectus, the Company intended to use the net proceeds raised from the Share Offer as follows:

- (i) approximately 15.2% of the net proceeds for payment for upfront costs;
- (ii) approximately 12.6% of the net proceeds for obtaining performance bond;
- (iii) approximately 33.9% of the net proceeds for repayment of bank borrowings;
- (iv) approximately 36.2% of the net proceeds for expansion of workforce; and
- (v) approximately 2.1% of the net proceeds for general working capital.

The actual net proceeds raised from the Share Offer, after deducting underwriting fees and commissions and other expenses in connection with the Share Offer, were approximately HK\$89.4 million (the “**Net Proceeds**”).

As disclosed in the Annual Report 2019 and the Interim Report 2019, approximately HK\$13.6 million was allocated for payment for upfront costs, HK\$11.3 million was allocated for obtaining performance bond, HK\$30.3 million was allocated for repayment of bank borrowings, HK\$32.3 million was allocated for expansion of workforce, and HK\$1.9 million was allocated for general working capital. As at the date of this announcement, the Group has utilised approximately HK\$62.7 million, representing approximately 70.1%, of the Net Proceeds as follows:

Intended use of Net Proceeds	Approximate percentage of Net Proceeds	Actual amount of Net Proceeds (HK\$'000)	Utilised amount of Net Proceeds up to the date of this announcement (HK\$'000)	Unutilised amount of Net Proceeds as at the date of this announcement (HK\$'000)
Payment for upfront costs	15.2%	13,589	13,589	–
Obtaining performance bond	12.6%	11,264	3,046	8,218
Repayment of bank borrowings	33.9%	30,307	30,307	–
Expansion of workforce	36.2%	32,363	13,890	18,473
General working capital	2.1%	1,877	1,877	–
	<u>100.0%</u>	<u>89,400</u>	<u>62,709</u>	<u>26,691</u>

CHANGE IN USE OF PROCEEDS

As at the date of this announcement, the unutilised Net Proceeds amounted to approximately HK\$26.7 million (the “**Unutilised Net Proceeds**”). For the reasons set out in the paragraph headed “Reasons for and benefits of the change in use of proceeds” set out in this announcement below, the board of directors of the Company (the “**Board**”) has resolved to change the use of Unutilised Net Proceeds as follows:

Intended use of Net Proceeds	Original approximate percentage of Net Proceeds	Revised approximate percentage of Net Proceeds	Unutilised amount of Net Proceeds as at the date of this announcement (HK\$'000)	Revised allocation of Unutilised Net Proceeds (HK\$'000)
Payment for upfront costs	15.2%	15.2%	–	–
Obtaining performance bond	12.6%	3.4%	8,218	–
Repayment of bank borrowings	33.9%	50.4%	–	14,709
Expansion of workforce	36.2%	21.0%	18,473	4,919
General working capital	2.1%	10.0%	–	7,063
	<u>100.0%</u>	<u>100.0%</u>	<u>26,691</u>	<u>26,691</u>

REASONS FOR AND BENEFITS OF THE CHANGE IN USE OF PROCEEDS

Impact of the COVID-19 epidemic on the global economy

The outbreak of novel coronavirus (“**COVID-19**”) epidemic has led to contractions in economic activities across the globe as a result of businesses being shut down temporarily due to measures being imposed by governments under sanitary concerns. Although the Directors do not expect the fitting-out sector within the construction industry in Hong Kong to take the greatest hit during the outbreak, delays in projects undertaken by the Group are inevitable as economic activities come to a halt during this critical period.

The exact magnitude of the impact of COVID-19 epidemic has yet to be seen and it is necessary to remain alert as uncertainty heightens over the course of the outbreak. The Directors believe that the COVID-19 epidemic has presented unprecedented challenges to global economic activities and all its adverse impacts might not have fully unfolded during the past months. It remains uncertain whether the Group's projects on hand will continue to experience delay in the coming months and whether the COVID-19 epidemic will spark further waves of disruptions to the global economy, causing a hit to the number and size of projects to be undertaken by the Group. In view of the aforesaid situations, the Directors are of the view that the existing manpower of the Group is sufficient for the Group's business operations and therefore re-allocate a certain portion of relevant Unutilised Net Proceeds for optimising the business operations of the Group.

Repayment of bank borrowings

As at the date of this announcement, the Group's bank borrowings amounted to approximately HK\$45.0 million and the original amount of net proceeds in the sum of approximately HK\$30.3 million allocated for repayment of bank borrowings has been fully utilised. The interest rates of the Groups' bank borrowings as at the date of this announcement range from HIBOR plus 3% to HIBOR plus 3.5% per annum. In view of the heavy reliance on bank borrowings and the anticipated increase in interest rate going forward, it will be desirable for the Group to further re-allocate a portion of the Unutilised Net Proceeds to repay the Group's bank borrowings to minimise future finance costs.

Increase in general working capital requirement

During the year ended 31 March 2020 and up to the date of this announcement, the certification of progress payments of the Group's sizeable projects by the Group's customers was delayed due to the outbreak of COVID-19 epidemic. Notwithstanding the delay in settlement of outstanding contract sums from the Group's customers, the Group continues to settle payments to its subcontractors on a regular basis in order to keep a good and stable business relationship. Increase in the Group's general working capital would enable the Group to maintain a healthy financial position.

As at the date of this announcement, the Group has fully utilised the original amount of net proceeds in the sum of approximately HK\$1.9 million allocated for general working capital. The re-allocation of a certain portion of the Unutilised Net Proceeds from the original intended use to general working capital presents flexibility for the Group to meet the challenges ahead as the Group can avail itself of the cash originally reserved for obtaining performance bond and expanding its workforce for general working capital purposes during the slow and difficult economic recovery period.

The Board's views

The Board is of the view that the aforesaid re-allocation of the Unutilised Net Proceeds will be favourable to the Group's long term business development and will represent a more appropriate utilisation of the Unutilised Net Proceeds in light of the above reasons. The Board will closely monitor the utilisation of the Unutilised Net Proceeds with the interests of the Company and its shareholders in mind. The Board confirms that there is no material change in the business nature of the Group as set out in the Prospectus, the Annual Report 2019 and the Interim Report 2019. The Board considered that the proposed change in use of Net Proceeds will not have any material adverse impact on the operations of the Group and is in the best interests of the Company and its shareholders as a whole.

By order of the Board
Yield Go Holdings Ltd.
Man Hoi Yuen
Chairman and Executive Director

Hong Kong, 24 June 2020

As at the date of this announcement, the executive directors are Mr. Man Hoi Yuen, Ms. Ng Yuen Chun and Mr. Ho Chi Hong and the independent non-executive directors are Mr. Chan Ka Yu, Mr. Lo Ki Chiu and Mr. Leung Wai Lim.