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LING YUI HOLDINGS LIMITED
凌銳控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 784)

ANNUAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 MARCH 2021

FINANCIAL HIGHLIGHTS

- Revenue decreased by approximately 46.8% from approximately HK\$452.6 million for the year ended 31 March 2020 to approximately HK\$241.0 million for the year ended 31 March 2021.
- Gross profit for the year ended 31 March 2021 was approximately HK\$19.0 million as compared with approximately HK\$27.8 million for the year ended 31 March 2020.
- Gross profit margin increased from approximately 6.2% for the year ended 31 March 2020 to approximately 7.9% for the year ended 31 March 2021.
- Loss attributable to the owners of the Company was approximately HK\$0.6 million for the year ended 31 March 2021, as compared with a profit attributable to the owners of the Company of approximately HK\$0.3 million for the year ended 31 March 2020.
- Basic loss per share was approximately HK0.07 cents for the year ended 31 March 2021, as compared with the basic earnings per share of approximately HK0.04 cents for the year ended 31 March 2020.
- The Board does not recommend the payment of any final dividend for the year ended 31 March 2021.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME*For the year ended 31 March 2021*

| | <i>NOTES</i> | 2021 <i>HK\$'000</i> | 2020 <i>HK\$'000</i> |
|--|--------------|---------------------------------------|-------------------------|
| Revenue | 3 | 240,989 | 452,627 |
| Direct costs | | <u>(221,950)</u> | <u>(424,784)</u> |
| Gross profit | | 19,039 | 27,843 |
| Other income | 4 | 9,138 | 765 |
| Other gains | 4 | 126 | 23 |
| Impairment loss allowance of trade receivables and contract assets under expected credit loss model | | (1,332) | (243) |
| Administrative expenses | | (24,643) | (25,324) |
| Finance costs | | <u>(2,217)</u> | <u>(2,396)</u> |
| Profit before taxation | 5 | 111 | 668 |
| Income tax expense | 6 | <u>(661)</u> | <u>(380)</u> |
| (Loss) Profit and total comprehensive (expense) income for the year | | <u>(550)</u> | <u>288</u> |
| (Loss) Earnings per share | | | |
| Basic (HK cents) | 8 | <u>(0.07)</u> | <u>0.04</u> |

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2021

| | <i>NOTES</i> | 2021 HK\$'000 | 2020 HK\$'000 |
|--|--------------|--------------------------------|------------------|
| Non-current assets | | | |
| Property and equipment | | 54,055 | 58,710 |
| Deposits and payment for life insurance policy | | 4,275 | 4,409 |
| | | <u>58,330</u> | <u>63,119</u> |
| Current assets | | | |
| Trade receivables | <i>9</i> | 32,683 | 50,853 |
| Deposits, prepayments and other receivables | | 3,944 | 6,956 |
| Tax recoverable | | 89 | 2,644 |
| Contract assets | <i>10</i> | 102,109 | 132,095 |
| Bank balances | | 10,658 | 5,237 |
| | | <u>149,483</u> | <u>197,785</u> |
| Current liabilities | | | |
| Trade payables | <i>11</i> | 37,633 | 76,986 |
| Other payables and accrued charges | | 19,887 | 24,400 |
| Lease liabilities | | 2,245 | 5,585 |
| Contract liabilities | <i>10</i> | 253 | 4,673 |
| Bank borrowings | | 38,216 | 39,930 |
| | | <u>98,234</u> | <u>151,574</u> |
| Net current assets | | <u>51,249</u> | <u>46,211</u> |
| Total assets less current liabilities | | <u>109,579</u> | <u>109,330</u> |
| Non-current liabilities | | | |
| Lease liabilities | | 612 | 1,466 |
| Bank borrowings | | 2,184 | 1,171 |
| Deferred tax liabilities | | 2,191 | 1,551 |
| | | <u>4,987</u> | <u>4,188</u> |
| Net assets | | <u>104,592</u> | <u>105,142</u> |
| Capital and reserves | | | |
| Share capital | <i>12</i> | 8,000 | 8,000 |
| Reserves | | 96,592 | 97,142 |
| Total equity | | <u>104,592</u> | <u>105,142</u> |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2021

1. GENERAL

Ling Yui Holdings Limited (the “**Company**”) was incorporated and registered as an exempted company with limited liability in the Cayman Islands under the Companies Law of Cayman Islands on 24 January 2017 and its shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 28 December 2017. The registered office of the Company is located at Windward 3, Regatta Office Park, PO Box 1350, Grand Cayman KY1-1108, Cayman Islands. The principal place of business in Hong Kong of the Company is located at Units 1702-03, Stelux House, 698 Prince Edward Road East, San Po Kong, Kowloon, Hong Kong. The immediate and ultimate holding company of the Company is Simple Joy Investments Limited, which is incorporated in the British Virgin Islands (“**BVI**”) with limited liability and is wholly owned by Mr. Lee Kim Ming (“**Mr. Lee**”) who is also the executive director of the Company.

The Company is an investment holding company. The Company and its subsidiaries (collectively referred to as the “**Group**”) are principally engaged in provision of foundation engineering services in Hong Kong.

The consolidated financial statements are presented in Hong Kong dollars (“**HK\$**”), which is also the functional currency of the Company.

2. APPLICATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“**HKFRSs**”)

Amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the *Amendments to References to the Conceptual Framework in HKFRS Standards* and the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2020 for the preparation of the consolidated financial statements:

| | |
|--|--------------------------------|
| Amendments to HKAS 1 and HKAS 8 | Definition of Material |
| Amendments to HKFRS 3 | Definition of a Business |
| Amendments to HKFRS 9, HKAS 39 and HKFRS 7 | Interest Rate Benchmark Reform |

The application of the *Amendments to References to the Conceptual Framework in HKFRS Standards* and the amendments to HKFRSs in the current year had no material impact on the Group’s financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

New and amendments to HKFRSs in issue but not yet effective

The Group has not early applied the following new and amendments to HKFRSs that have been issued but are not yet effective:

| | |
|--|---|
| HKFRS 17 | Insurance Contracts and the related Amendments ¹ |
| Amendment to HKFRS 16 | Covid-19-Related Rent Concessions ⁴ |
| Amendments to HKFRS 3 | Reference to the Conceptual Framework ² |
| Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 | Interest Rate Benchmark Reform – Phase 2 ⁵ |
| Amendments to HKFRS 10 and HKAS 28 | Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³ |
| Amendments to HKAS 1 | Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) ¹ |
| Amendments to HKAS 16 | Property, Plant and Equipment – Proceeds before Intended Use ² |
| Amendments to HKAS 37 | Onerous Contracts – Cost of Fulfilling a Contract ² |
| Amendments to HKFRSs | Annual Improvements to HKFRSs 2018-2020 ² |

¹ Effective for annual periods beginning on or after 1 January 2023.

² Effective for annual periods beginning on or after 1 January 2022.

³ Effective for annual periods beginning on or after a date to be determined.

⁴ Effective for annual periods beginning on or after 1 June 2020.

⁵ Effective for annual periods beginning on or after 1 January 2021.

The directors of the Company anticipate that the application of all other new and amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

3. REVENUE AND SEGMENT INFORMATION

Revenue represents the net amounts received and receivable from the foundation engineering services provided by the Group to customers. Such services are recognised as a performance obligation satisfied over time as the Group creates or enhances an asset that the customer controls. Revenue is recognised for these foundation engineering services based on the progress and outcome of the foundation engineering services contracts using input method.

Timing of revenue recognition and category of revenue

| | 2021 | 2020 |
|---------------------------------|-----------------------|----------------|
| | HK\$'000 | HK\$'000 |
| Recognised over time: | | |
| Foundation engineering services | <u>240,989</u> | <u>452,627</u> |

4. OTHER INCOME AND OTHER GAINS

Other income

| | 2021 <i>HK\$'000</i> | 2020 <i>HK\$'000</i> |
|------------------------------------|-------------------------|-------------------------|
| Government grants (<i>Note</i>) | 4,758 | – |
| Interest income | 134 | 139 |
| Income from sale of waste material | 1,527 | 5 |
| Machine rental income | 839 | 87 |
| Sundry income | 1,709 | 534 |
| Others | 171 | – |
| | <u>9,138</u> | <u>765</u> |

Other gains

| | 2021 <i>HK\$'000</i> | 2020 <i>HK\$'000</i> |
|--|-------------------------|-------------------------|
| Gain on disposal of property and equipment | <u>126</u> | <u>23</u> |

Note: The Group recognised government grants in respect of the Employment Support Scheme and Employment Support Scheme for the Construction Sector under Anti-epidemic Fund of the Hong Kong SAR Government due to the COVID-19 pandemic.

5. PROFIT BEFORE TAXATION

| | 2021 <i>HK\$'000</i> | 2020 <i>HK\$'000</i> |
|--|-------------------------|-------------------------|
| Profit before taxation has been arrived at after charging: | | |
| Auditor's remuneration | 880 | 1,100 |
| Depreciation of property and equipment | 11,388 | 10,762 |
| Directors' remuneration | 3,092 | 3,026 |
| Other staff costs | | |
| Salaries and other benefits | 58,467 | 53,927 |
| Retirement benefits scheme contributions | 1,659 | 3,315 |
| Total staff costs | <u>63,218</u> | <u>60,268</u> |

6. INCOME TAX EXPENSE

| | 2021 <i>HK\$'000</i> | 2020 <i>HK\$'000</i> |
|------------------------------|-------------------------|-------------------------|
| Hong Kong Profits Tax: | | |
| Current tax | 20 | 29 |
| Overprovision in prior years | – | (63) |
| Deferred tax | <u>641</u> | <u>414</u> |
| | <u><u>661</u></u> | <u><u>380</u></u> |

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the “**Bill**”) which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day. Under the two-tiered profits tax rates regime, the first HK\$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

7. DIVIDENDS

No dividend was paid or declared during the year ended 31 March 2021 and 2020, nor has any dividend been proposed since the end of the reporting period.

8. (LOSS) EARNINGS PER SHARE

The calculation of basic (loss) earnings per share attributable to owners of the Company is based on the following data:

(Loss) Earnings

| | 2021 <i>HK\$'000</i> | 2020 <i>HK\$'000</i> |
|---|-------------------------|-------------------------|
| (Loss) Earnings for the year for the purpose of calculating basic (loss) earnings per share attributable to owners of the Company | <u>(550)</u> | <u>288</u> |

Number of shares

| | 2021 <i>'000</i> | 2020 <i>'000</i> |
|---|---------------------|---------------------|
| Weighted average number of ordinary shares for the purpose of calculating basic (loss) earnings per share | <u>800,000</u> | <u>800,000</u> |

No diluted (loss) earnings per share is presented as there was no potential ordinary share outstanding for both years.

9. TRADE RECEIVABLES

| | 2021 <i>HK\$'000</i> | 2020 <i>HK\$'000</i> |
|---------------------------------|-------------------------|-------------------------|
| Trade receivables | 34,444 | 51,986 |
| Less: impairment loss allowance | <u>(1,761)</u> | <u>(1,133)</u> |
| | <u>32,683</u> | <u>50,853</u> |

The Group grants credit terms of 7 to 30 days to its customers from the date of invoices on progress payments of contract works. An ageing analysis of the trade receivables (net of impairment loss allowance) presented based on the invoice date at the end of the reporting period.

| | 2021 <i>HK\$'000</i> | 2020 <i>HK\$'000</i> |
|---------------|-------------------------|-------------------------|
| 0 – 30 days | 10,347 | 27,034 |
| 31 – 60 days | 8,974 | 14,622 |
| 61 – 90 days | 7,340 | – |
| 91 – 365 days | 59 | 2,805 |
| Over 365 days | <u>5,963</u> | <u>6,392</u> |
| | <u>32,683</u> | <u>50,853</u> |

Before accepting any new customer, the Group assesses the potential customer's credit quality and defines credit limits by customer. Credit limits attributable to customers are reviewed regularly.

10. CONTRACT ASSETS AND CONTRACT LIABILITIES

| | 2021 <i>HK\$'000</i> | 2020 <i>HK\$'000</i> |
|---------------------------------|-------------------------|-------------------------|
| Contract assets | | |
| Foundation engineering services | 104,033 | 133,316 |
| Less: Impairment loss allowance | <u>(1,924)</u> | <u>(1,221)</u> |
| | <u>102,109</u> | <u>132,095</u> |
| Contract liabilities | | |
| Foundation engineering services | <u>253</u> | <u>4,673</u> |

The contract assets primarily relate to the Group's right to consideration for work completed and not billed because the rights are conditional on the Group's future performance. The contract assets are transferred to trade receivables when the rights become unconditional.

11. TRADE PAYABLES

The credit period is 0 to 60 days. The following is an ageing analysis of trade payables presented based on the invoice date at the end of the reporting period:

| | 2021 <i>HK\$'000</i> | 2020 <i>HK\$'000</i> |
|--------------|-------------------------|-------------------------|
| 0 – 30 days | 20,215 | 27,316 |
| 31 – 60 days | 8,163 | 13,599 |
| Over 60 days | <u>9,255</u> | <u>36,071</u> |
| | <u><u>37,633</u></u> | <u><u>76,986</u></u> |

12. SHARE CAPITAL

| | Number of shares | Amount <i>HK\$'000</i> |
|---|----------------------|---------------------------|
| Ordinary shares of HK\$0.01 each: | | |
| Authorised: | | |
| At 1 April 2019, 31 March 2020 and 2021 | <u>2,000,000,000</u> | <u>20,000</u> |
| Issued and fully paid: | | |
| At 1 April 2019, 31 March 2020 and 2021 | <u>800,000,000</u> | <u>8,000</u> |

13. CONTINGENT LIABILITIES

During the year ended 31 March 2019, Ming Lee Foundation Company Limited (“**Ming Lee Foundation**”), an indirect wholly-owned subsidiary of the Company, received two writs of summons from W.M. Contractor Limited (“**W.M. Contractor**”), claiming against Ming Lee Foundation for the overpayment made by W.M. Contractor of certain construction projects in the amount of approximately HK\$441,000 (the “**1st Action**”) and HK\$2,001,000 (the “**2nd Action**”) respectively. W.M. Contractor subsequently filed an amended statement of claim revising the claim for the amount of overpayment made by W.M. Contractor in the 1st Action to approximately HK\$4,588,000.

During the year ended 31 March 2020, Ming Lee Foundation filed a defence to and counterclaim against W.M. Construction Limited (“**W.M. Construction**”) and W.M. Contractor in the amount of approximately HK\$4,764,000 and HK\$5,536,000 for the outstanding payment for 6 completed construction projects. The parties to the 1st Action and the 2nd Action consented to and an order was made by the court that the proceedings under the 1st Action and the 2nd Action be consolidated and carried on as an action (the “**Consolidated Action**”).

The Consolidated Action is still in the process of filing pleadings by both parties. The directors of the Company have fully considered factors including the nature of claims, costs of litigation and potential impact on the consolidated financial statements and engaged an external lawyer to consider and assess the litigation strategies and defenses, as well as its impact on the Group. The directors of the Company are of the opinion that the Group has valid grounds to deny the allegations made by the plaintiff and to counterclaim against W.M. Contractor and W.M. Construction. Accordingly, no provision is required to be made in the consolidated financial statements.

The Company will make further disclosure as and when necessary or appropriate based on the progress of the litigation.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group is a Hong Kong-based main contractor principally provides foundation works including excavation and lateral support works, pile cap works and pile construction, site formation works and other ancillary services such as road and drainage works for foundation projects in the private sector.

For the year ended 31 March 2021, the Group recorded revenue of approximately HK\$241.0 million as compared to revenue of HK\$452.6 million for the year ended 31 March 2020. The directors of the Company (the “**Directors**”) are of the view that the decrease in revenue was because of the economic downturn in Hong Kong brought upon by the outbreak of COVID-19 pandemic and the new construction projects being suspended as investors or owners of properties contemplate that the future economic environment would remain uncertain.

OUTLOOK

The Directors are of the view that the general outlook of the industry and the business environment in which the Group operates will remain challenging. The outbreak of COVID-19 pandemic throughout the year has created economic uncertainty to Hong Kong and imposed adverse impacts on the construction industry, including supply chain disruptions, workforce shortages due to illness and preventative quarantines, and work stoppages due to anti-epidemic measures imposed by the Hong Kong government. Looking ahead, the Group will adhere to prudent financial management in project selection and cost control. The Group will continue to obtain additional qualifications and strengthen its financial resources to position itself to tender for suitable projects in the private sector as a main contractor, and invest in manpower and information system to enhance its operational capacity and efficiency.

PRINCIPAL RISKS AND UNCERTAINTIES

The Directors believe that there are certain risks and uncertainties involved in the operations, some of which are beyond the Group’s control. The Directors believe the more significant risks relating to the business are as follows:

- A significant portion of the Group’s revenue was generated from contracts which were not recurrent in nature and were awarded by a few customers, and any decrease in the number of projects with the Group’s major customers would adversely affect the Group’s operations and financial results;
- As the Group from time to time engages subcontractors in the works, the Group may bear responsibilities for any non-performance, delayed performance, sub-standard performance or non-compliance of the Group’s subcontractors; and
- The Group determines the price of its quotation based on the estimated time and costs to be involved in a project and the actual time and costs incurred may deviate from the estimate due to unexpected circumstances.

COMPLIANCE WITH LAWS AND REGULATIONS

As far as the Directors are aware, the Group has complied in material respects with the relevant laws and regulations that have a significant impact on the business and operation of the Group. During the year ended 31 March 2021, there was no material breach of or non-compliance with the applicable laws and regulations by the Group.

RELATIONSHIP WITH CUSTOMERS, SUPPLIERS, SUBCONTRACTORS AND EMPLOYEES

The Group maintains good relationship with its employees and certain policies have been implemented to ensure that its employees are provided with competitive remuneration, good welfare benefits and continuous professional training. The Group also maintains good relationships with its customers, suppliers and subcontractors, without whom success in the Group's production and operation would be at risk.

FINANCIAL REVIEW

Revenue

The Group's revenue decreased by approximately 46.8% from approximately HK\$452.6 million for the year ended 31 March 2020 to approximately HK\$241.0 million for the year ended 31 March 2021. Such decrease was mainly due to the economic downturn brought upon by the outbreak of COVID-19 pandemic, the construction works were suffered from (i) slow progress as a result from supply chain disruptions and workforce shortages, (ii) delay of construction drawings approval by the government department due to limited services and special work arrangement, and (iii) suspension of new construction projects by investors or owners as mentioned above.

Direct Costs

The Group's direct costs for the year ended 31 March 2021 was approximately HK\$222.0 million, representing a decrease of approximately 47.7% from approximately HK\$424.8 million for the year ended 31 March 2020, such decrease was in line with the decrease in revenue for the same period.

Gross Profit and Gross Profit Margin

The Group's gross profit for the year ended 31 March 2021 was approximately HK\$19.0 million, as compared with approximately HK\$27.8 million for the year ended 31 March 2020. The Group's gross profit margin for the year ended 31 March 2021 was approximately 7.9% representing an increase of approximately 1.7 percentage points as compared to approximately 6.2% for the year ended 31 March 2020. Such increase was primarily due to more direct labour and owned machinery used in the Group's construction sites, so as to improve the profit margin.

Other income

Other income mainly comprised of government grants, bank interest income, income from sale of waste material, machine rental income and other sundry income. Other income increased from approximately HK\$0.8 million for the year ended 31 March 2020 to approximately HK\$9.1 million for the year ended 31 March 2021. Such increase was primarily resulted from the Hong Kong government grants received by the Group under the “Anti-epidemic Fund” and the “Employment Support Scheme” due to the outbreak of COVID-19 pandemic of approximately HK\$4.8 million, income from the sale of waste material of approximately HK\$1.5 million, machine rental income of approximately HK\$0.8 million and sundry income of approximately HK\$1.7 million.

Administrative Expenses

The Group’s administrative expenses for the year ended 31 March 2021 were approximately HK\$24.6 million, representing a decrease of approximately 2.7% from approximately HK\$25.3 million for the year ended 31 March 2020, primarily as a result of cost-saving due to decrease in revenue.

(Loss) Profit and Total Comprehensive (Expense) Income attributable to Owners of the Company for the year

As a result of the foregoing, for the year ended 31 March 2021, the Group recorded a net loss of approximately HK\$0.6 million as compared to a net profit of approximately HK\$0.3 million for the same period in 2020.

CAPITAL STRUCTURE, LIQUIDITY AND FINANCIAL RESOURCES

There has been no change in the capital structure of the Group during the year ended 31 March 2021. The capital of the Group only comprises of ordinary shares.

The Group finances its liquidity and capital requirements primarily through cash generated from operations, bank borrowings and equity contribution from shareholders.

As at 31 March 2021, the Group had cash and bank balances of approximately HK\$10.7 million (2020: approximately HK\$5.2 million).

As at 31 March 2021, the Group’s total equity attributable to owners of the Company amounted to approximately HK\$104.6 million (2020: approximately HK\$105.1 million). As of the same date, the Group’s total debt, amounted to approximately HK\$103.2 million (2020: approximately HK\$155.8 million).

BORROWINGS AND GEARING RATIO

As at 31 March 2021, the Group had borrowings of approximately HK\$40.4 million which was denominated in Hong Kong dollars (2020: approximately HK\$41.1 million). The Group's bank borrowings were primarily used in financing the working capital requirement of its operations.

As at 31 March 2021, the gearing ratio of the Group, calculated as the total debt divided by the total equity, was approximately 98.7% (2020: approximately 148.1%).

SIGNIFICANT INVESTMENTS HELD, MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES AND PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Save as disclosed in this announcement, there was no significant investment, material acquisition and disposal of subsidiaries and associated companies by the Company during the year ended 31 March 2021. There is no other plan or material investments or capital assets as at 31 March 2021.

CHARGE ON GROUP'S ASSETS

As at 31 March 2021, the Group pledged its machineries and construction equipment with an aggregate net book value of approximately HK\$29.0 million (31 March 2020: approximately HK\$41.1 million) and motor vehicles with an aggregate net book value of approximately HK\$0.7 million (31 March 2020: approximately HK\$1.4 million) to the banks and a financial institution to secure the short-term bank loans and other general banking facilities granted to the Group.

As at 31 March 2021, payment for life insurance policy of approximately HK\$3.9 million was pledged to a bank to secure the banking facilities granted to the Group (2020: approximately HK\$3.8 million).

FOREIGN EXCHANGE EXPOSURE

All of the revenue-generating operations and borrowings of the Group were transacted in Hong Kong dollars which is the presentation currency of the Group. As such, the Directors are of the view that the Group did not have significant exposure to foreign exchange risk. The Group currently does not have a foreign currency hedging policy.

TREASURY POLICIES

The Directors will continue to follow a prudent policy in managing the Group's cash balances and maintain a strong and healthy liquidity to ensure that the Group is well placed to take advantage of future growth opportunities.

CONTINGENT LIABILITIES

As at 31 March 2021, the Group's material contingent liabilities was set out in note 13 of this announcement.

COMMITMENTS

As at 31 March 2021, the Group had no material capital commitments in respect of acquisition of property and equipment (2020: Nil).

The Group is the lessee in respect of office premises, quarters and warehouses under operating leases. The Group had no operating lease commitments due to the adoption of HKFRS 16 Leases.

SEGMENT INFORMATION

The Group principally operates in one business segment, which is the contractors in the foundation and site formation industry.

INFORMATION ON EMPLOYEES

As at 31 March 2021, the Group had 119 full-time employees working in Hong Kong (2020: 118). Employees are remunerated based on their qualifications, position and performance. The remuneration offered to employees generally includes salaries, allowances and discretionary bonus. Various types of trainings were provided to the employees. The total staff cost (including Director's emoluments and mandatory provident funds contributions) for the year ended 31 March 2021 amounted to approximately HK63.2 million (2020: approximately HK\$60.3 million).

DIVIDENDS

The Board does not recommend the payment of a final dividend for the year ended 31 March 2021 (2020: Nil).

CORPORATE GOVERNANCE PRACTICE

The Company and the Board are devoted to achieve and maintain high standards of corporate governance, as the Board believes that good and effective corporate governance practices are fundamental to obtain and maintain the trust of the shareholders of the Company and other stakeholders, and are essential for encouraging accountability and transparency so as to safeguard interest and sustain the success of the Group and to create long-term value for the shareholders of the Company.

The Company has adopted the principles and code provisions set out in the Corporate Governance Code (the "CG Code") contained in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"). The Company has fully complied with the CG Code during the year ended 31 March 2021.

EVENTS AFTER THE REPORTING PERIOD

HLB Hodgson Impey Cheng Limited was appointed as the auditor of the Group on 29 April 2021 to fill the casual vacancy following the resignation of Deloitte Touche Tohmatsu on 28 April 2021. Details of the change of auditor were set out in the announcement of the Company dated 29 April 2021.

Save as disclosed in this announcement, there is no other important event affecting the Group since 31 March 2021 and up to the date of this announcement.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) set out in Appendix 10 of the Listing Rules as the code of conduct regarding securities transactions by directors. Having made specific enquiry, all Directors have fully complied with the required standards set out in the Model Code during the year ended to 31 March 2021.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company’s listed securities during the year ended 31 March 2021.

AUDIT COMMITTEE

The audit committee of the Company (the “**Audit Committee**”) was established on 4 December 2017. The chairman of the Audit Committee is Mr. Ho Chun Chung Patrick, an independent non-executive Director, and other members included Mr. Chong Kam Fung and Mr. Shi Wai Lim William, each an independent non-executive Director. The written terms of reference of the Audit Committee are posted on the Stock Exchange’s website and on the Company’s website.

The Company has complied with Rule 3.21 of the Listing Rules in that at least one of the members of the Audit Committee (which must comprise a minimum of three members and must be chaired by an independent non-executive Director) is an independent non-executive Director who possesses appropriate professional qualifications or accounting related financial management expertise.

The primary duties of the Audit Committee are mainly to review the financial information and reporting process, internal control procedures and risk management system, audit plan and relationship with external auditor and arrangements to enable employees of the Company to raise, in confidence, concerns about possible improprieties in financial reporting, internal control or other matters of the Company.

The Group’s consolidated financial statements for the year ended 31 March 2021 have been reviewed by the Audit Committee. The Audit Committee is of the opinion that the consolidated financial statements of the Group for the year ended 31 March 2021 comply with applicable accounting standards, the Listing Rules and that adequate disclosures have been made.

SCOPE OF WORK OF HLB HODGSON IMPEY CHENG LIMITED

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 March 2021 as set out in the preliminary announcement have been agreed by the Group's auditor, HLB Hodgson Impey Cheng Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by HLB Hodgson Impey Cheng Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by HLB Hodgson Impey Cheng Limited on the preliminary announcement.

REVIEW OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR

The Audit Committee of the Company, which comprises three independent non-executive Directors of the Company, had reviewed the audited consolidated financial statements for the year in conjunction with the Group's auditor, HLB Hodgson Impey Cheng Limited. Based on this review and discussion with the management of the Company, the Audit Committee was satisfied that the audited consolidated financial statements were prepared in accordance with applicable accounting standards and fairly presented the Group's financial position as at 31 March 2021 and the annual results for the year ended 31 March 2021.

By order of the Board
Ling Yui Holdings Limited
Lee Kim Ming
Chairman and Executive Director

Hong Kong, 28 June 2021

As at the date of this announcement, the Board comprises Mr. Lee Kim Ming and Mr. Chan Siu Hung as executive Directors; Mr. Chong Kam Fung, Mr. Ho Chun Chung Patrick and Mr. Shi Wai Lim William as independent non-executive Directors.