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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 2023**

**FINANCIAL HIGHLIGHTS**

- Revenue decreased by approximately 30.6% from approximately HK\$344.3 million for the year ended 31 March 2022 to approximately HK\$239.0 million for the year ended 31 March 2023.
- Gross loss for the year ended 31 March 2023 was approximately HK\$6.6 million as compared with gross profit of approximately HK\$24.8 million for the year ended 31 March 2022.
- Gross profit margin from approximately 7.2% for the year ended 31 March 2022 to gross loss margin of approximately 2.8% for the year ended 31 March 2023.
- Loss attributable to the owners of the Company was approximately HK\$30.0 million for the year ended 31 March 2023, as compared with a profit attributable to the owners of the Company of approximately HK\$2.2 million for the year ended 31 March 2022.
- Basic loss per share was approximately HK3.75 cents for the year ended 31 March 2023, as compared with the basic earnings per share of approximately HK0.28 cents for the year ended 31 March 2022.
- The Board does not recommend the payment of any final dividend for the year ended 31 March 2023.

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME***For the year ended 31 March 2023*

	<i>NOTES</i>	<b>2023</b> <b><i>HK\$'000</i></b>	<b>2022</b> <b><i>HK\$'000</i></b>
Revenue	3	<b>238,957</b>	344,286
Direct costs		<b>(245,548)</b>	(319,500)
Gross (loss)/profit		<b>(6,591)</b>	24,786
Other income	4	<b>2,940</b>	2,642
Other losses	4	–	(245)
Provision for impairment loss allowance of trade receivables and contract assets under expected credit loss model		–	(1,300)
Administrative expenses		<b>(27,387)</b>	(21,438)
Finance costs		<b>(1,684)</b>	(1,368)
(Loss)/profit before taxation	5	<b>(32,722)</b>	3,077
Income tax credit/(expense)	6	<b>2,683</b>	(837)
(Loss)/profit and total comprehensive (expense)/income for the year		<b><u>(30,039)</u></b>	<u>2,240</u>
(Loss)/earnings per share			
Basic (HK cents)	8	<b><u>(3.75)</u></b>	<u>0.28</u>

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2023

	<i>NOTES</i>	<b>2023</b> <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Non-current assets			
Property and equipment		<b>39,623</b>	46,905
Deposits and payment for life insurance policy		<b>4,355</b>	4,238
		<b>43,978</b>	51,143
Current assets			
Trade receivables	9	<b>38,949</b>	53,873
Deposits, prepayments and other receivables		<b>4,799</b>	4,654
Contract assets	10	<b>78,803</b>	101,260
Bank balances		<b>12,636</b>	10,133
		<b>135,187</b>	169,920
Current liabilities			
Trade payables	11	<b>37,043</b>	57,461
Other payables and accrued charges		<b>29,811</b>	26,350
Lease liabilities		<b>759</b>	612
Contract liabilities	10	<b>4,263</b>	2,503
Bank borrowings		<b>26,930</b>	23,792
Tax payable		<b>82</b>	6
		<b>98,888</b>	110,724
Net current assets		<b>36,299</b>	59,196
Total assets less current liabilities		<b>80,277</b>	110,339
Non-current liabilities			
Lease liabilities		<b>974</b>	–
Bank borrowings		<b>2,375</b>	593
Deferred tax liabilities		<b>135</b>	2,914
		<b>3,484</b>	3,507
Net assets		<b>76,793</b>	106,832
Capital and reserves			
Share capital	12	<b>8,000</b>	8,000
Reserves		<b>68,793</b>	98,832
Total equity		<b>76,793</b>	106,832

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2023

## 1. GENERAL

Ling Yui Holdings Limited (the “**Company**”) was incorporated as an exempted company with limited liability in the Cayman Islands under the Companies Act 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 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 Group.

## 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 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 April 2022 for the preparation of the consolidated financial statements:

Amendments to HKFRS 3	Reference to the Conceptual Framework
Amendments to Hong Kong Accounting Standards (“ <b>HKAS</b> ”) 16	Property, Plant and Equipment – Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018-2020

The application of 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 (including the October 2020 and February 2022 Amendments to HKFRS 17)	Insurance Contracts <sup>1</sup>
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>2</sup>
Amendments to HKFRS 16	Lease liability in a Sale and Leaseback <sup>3</sup>
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) <sup>3</sup>
Amendments to HKAS 1	Non-current Liabilities with Covenants (2022) <sup>3</sup>
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies <sup>1</sup>
Amendments to HKAS 8	Definition of Accounting Estimates <sup>1</sup>
Amendments to HKAS 12	Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction <sup>1</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2023.

<sup>2</sup> Effective for annual periods beginning on or after a date to be determined.

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2024.

Except for the new and amendments to HKFRSs mentioned below, 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.

### **Amendments to HKFRS 16 Lease Liability in a Sale and Leaseback**

The amendments add subsequent measurement requirements for sale and leaseback transactions that satisfy the requirements of HKFRS 15 to be accounted for as a sale. The amendments require a seller-lessee to determine “lease payments” or “revised lease payments” such that the seller-lessee would not recognise a gain or loss that relates to the right of use retained by the seller-lessee. The amendments also clarify that applying the requirements does not prevent the seller-lessee from recognising in profit or loss any gain or loss relating to subsequent partial or full termination of a lease.

As part of the amendments, Illustrative Example 25 accompanying HKFRS 16 is added to illustrate the application of the requirements in a sale and leaseback transaction with variable lease payments that do not depend on an index or rate.

The amendments are effective for annual reporting periods beginning on or after 1 January 2024, with early application permitted. The application of the amendments is not expected to have significant impact on the financial position and performance of the Group.

**Amendments to HKAS 1 Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) (the “2020 Amendments”) and Amendments to HKAS 1 Non-current Liabilities with Covenants (the “2022 Amendments”)**

The 2020 Amendments provide clarification and additional guidance on the assessment of right to defer settlement for at least twelve months from reporting date for classification of liabilities as current or non-current, which:

- clarify that if a liability has terms that could, at the option of the counterparty, result in its settlement by the transfer of the entity’s own equity instruments, these terms do not affect its classification as current or non-current only if the entity recognises the option separately as an equity instrument applying HKAS 32 Financial Instruments: Presentation.
- specify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period. Specifically, the amendments clarify that the classification should not be affected by management intentions or expectations to settle the liability within 12 months.

For rights to defer settlement for at least twelve months from reporting date which are conditional on the compliance with covenants, the requirements introduced by the 2020 Amendments have been modified by the 2022 Amendments. The 2022 Amendments specify that only covenants with which an entity is required to comply with on or before the end of the reporting period affect the entity’s right to defer settlement of a liability for at least twelve months after the reporting date. Covenants which are required to comply with only after the reporting period do not affect whether that right exists at the end of the reporting period.

In addition, the 2022 Amendments specify the disclosure requirements about information that enables users of financial statements to understand the risk that the liabilities could become repayable within twelve months after the reporting period, if the entity classify liabilities arising from loan arrangements as non-current when the entity’s right to defer settlement of those liabilities is subject to the entity complying with covenants within twelve months after the reporting period.

The 2022 Amendments also defer the effective date of applying the 2020 Amendments to annual reporting periods beginning on or after 1 January 2024. The 2022 Amendments, together with the 2020 Amendments, are effective for annual reporting periods beginning on or after 1 January 2024, with early application permitted. If an entity applies the 2020 amendments for an earlier period after the issue of the 2022 Amendments, the entity should also apply the 2022 Amendments for that period.

Based on the Group’s outstanding liabilities as at 31 December 2022, the application of the 2020 Amendments and the 2022 Amendments will not result in reclassification of the Group’s liabilities.

### 3. REVENUE AND SEGMENT INFORMATION

#### Revenue

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*

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Recognised over time:		
Foundation engineering services	<u>238,957</u>	<u>344,286</u>

### 4. OTHER INCOME AND OTHER LOSSES

#### Other income

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Government grant ( <i>Note</i> )	2,233	–
Interest income	178	129
Income from sale of waste material	93	2,239
Machine rental income	70	–
Sundry income	279	114
Others	<u>87</u>	<u>160</u>
	<u>2,940</u>	<u>2,642</u>

#### Other losses

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Loss on disposal of property and equipment	<u>–</u>	<u>(245)</u>

*Note:* The Group recognised government grant in respect of the Employment Support Scheme under Anti-epidemic Fund of the Hong Kong SAR Government (the “**Hong Kong Government**”) due to the COVID-19 pandemic.

## 5. (LOSS)/PROFIT BEFORE TAXATION

	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>

(Loss)/Profit before taxation has been arrived at after charging:

Auditors' remuneration	900	880
Depreciation of property and equipment	9,826	12,048
Directors' remuneration	3,909	3,074
Other staff costs		
Salaries and other benefits	48,686	61,232
Retirement benefits scheme contributions	1,465	1,888
Total staff costs	<u>54,060</u>	<u>66,194</u>

## 6. INCOME TAX (CREDIT)/EXPENSE

	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>

Hong Kong Profits Tax:		
Current tax	96	21
Underprovision in prior years	-	93
Deferred tax	<u>(2,779)</u>	<u>723</u>
	<u>(2,683)</u>	<u>837</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 years ended 31 March 2023 and 2022, 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

	2023 <i>HK\$'000</i>	2022 <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>(30,039)</u>	<u>2,240</u>

### Number of shares

	2023 <i>'000</i>	2022 <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

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Trade receivables	41,601	56,525
Less: impairment loss allowance	<u>(2,652)</u>	<u>(2,652)</u>
	<u>38,949</u>	<u>53,873</u>

The Group grants credit terms of 7 to 45 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.

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
0 – 30 days	29,147	38,457
31 – 60 days	3,571	10,651
61 – 90 days	–	–
91 – 365 days	1,539	–
Over 365 days	<u>4,692</u>	<u>4,765</u>
	<u>38,949</u>	<u>53,873</u>

## 10. CONTRACT ASSETS AND CONTRACT LIABILITIES

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Contract assets		
Foundation engineering services	81,137	103,594
Less: Impairment loss allowance	<u>(2,334)</u>	<u>(2,334)</u>
	<u><b>78,803</b></u>	<u><b>101,260</b></u>
Contract liabilities		
Foundation engineering services	<u><b>4,263</b></u>	<u><b>2,503</b></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:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
0 – 30 days	7,449	20,946
31 – 60 days	12,256	19,783
Over 60 days	<u>17,338</u>	<u>16,732</u>
	<u><b>37,043</b></u>	<u><b>57,461</b></u>

## 12. SHARE CAPITAL

	Number of shares	Amount <i>HK\$'000</i>
Ordinary shares of HK\$0.01 each:		
Authorised:		
At 1 April 2021, 31 March 2022 and 2023	<u>2,000,000,000</u>	<u>20,000</u>
Issued and fully paid:		
At 1 April 2021, 31 March 2022 and 2023	<u>800,000,000</u>	<u>8,000</u>

### 13. CONTINGENT LIABILITIES

During the year ended 31 March 2019, 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**”).

At the first case management conference for the Consolidated Action held on 26 May 2022, the Court ordered, inter alia, that the parties attempt mediation and there be a second case management conference. In May and June 2023, the parties attended mediation sessions. The next case management conference is scheduled to take place on 31 August 2023. The directors of the Company (the “**Directors**”) 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 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 2023, the Group recorded revenue of approximately HK\$239.0 million as compared to revenue of approximately HK\$344.3 million for the year ended 31 March 2022. The Directors are of the view that the decrease in revenue was due to the selection of customers with good track record of settlement of receivables for improving the Group's credit control in order to cope with the challenging business environment as a result of the COVID-19 pandemic.

### **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 the COVID-19 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 preventive or compulsory 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 to perform certain 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 our quotation based on the estimated time and costs to be involved in a project and the actual time and costs incurred may deviate from our estimation 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 2023, 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 30.6% from approximately HK\$344.3 million for the year ended 31 March 2022 to approximately HK\$239.0 million for the year ended 31 March 2023. Such decrease was mainly due to the selection of customers with good track record of settlement of receivables. During the year, the construction industry was very tight for both developers and main contractors due to reduction of trading of real estate which affects their cashflow, so, the Group will closely monitor with the quality of our customers.

### **Direct Costs**

The Group's direct costs for the year ended 31 March 2023 was approximately HK\$245.5 million, representing a decrease of approximately 23.2% from approximately HK\$319.5 million for the year ended 31 March 2022.

## **Gross (Loss)/Profit and Gross (Loss)/Profit Margin**

The Group's gross loss for the year ended 31 March 2023 was approximately HK\$6.6 million, as compared with gross profit of approximately HK\$24.8 million for the year ended 31 March 2022. The Group's gross loss margin for the year ended 31 March 2023 was approximately 2.8% as compared to gross profit margin of approximately 7.2% for the year ended 31 March 2022. Such loss was primarily due to the losses incurred in three projects: (1) 92-103A Connaught Road West project; (2) 152-155 Connaught Road Central project; and (3) Ko Chiu Road project, which were caused by unexpected delays in project timelines due to increased project complexity, resulting in cost overruns and additional work required to meet project specifications and also the significant increase in purchase price of steel and concrete during the year.

## **Other income**

Other income mainly comprised of government grants, interest income, machine rental income and other sundry income. Other income increased from approximately HK\$2.6 million for the year ended 31 March 2022 to approximately HK\$2.9 million for the year ended 31 March 2023. Such increase was primarily resulted from the increase in government grant for Employment Support Scheme for the year ended 31 March 2023.

## **Administrative Expenses**

The Group's administrative expenses for the year ended 31 March 2023 were approximately HK\$27.4 million, representing an increase of approximately 27.7% from approximately HK\$21.4 million for the year ended 31 March 2022, primarily as a result of the increase in provision of bonus to staff as the labour market in Hong Kong was shortage.

## **(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 2023, the Group recorded a net loss of approximately HK\$30.0 million as compared to a net profit of approximately HK\$2.2 million for the same period in 2022.

## **CAPITAL STRUCTURE, LIQUIDITY AND FINANCIAL RESOURCES**

There has been no change in the capital structure of the Group during the year ended 31 March 2023. 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 2023, the Group had bank balances of approximately HK\$12.6 million (2022: approximately HK\$10.1 million).

As at 31 March 2023, the Group's total equity attributable to owners of the Company amounted to approximately HK\$76.8 million (2022: approximately HK\$106.8 million). As of the same date, the Group's total debt, amounted to approximately HK\$102.4 million (2022: approximately HK\$114.2 million).

## **BANK BORROWINGS AND GEARING RATIO**

As at 31 March 2023, the Group had bank borrowings of approximately HK\$29.3 million which were denominated in Hong Kong dollars (2022: approximately HK\$24.4 million). The Group's bank borrowings were primarily used in financing the working capital requirement of its operations.

As at 31 March 2023, the gearing ratio of the Group, calculated as the total debt divided by the total equity, was approximately 133.3% (2022: approximately 106.9%).

## **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 were no significant investments, material acquisitions and disposals of subsidiaries and associated companies by the Company during the year ended 31 March 2023. There are no other plans or material investments or capital assets as at 31 March 2023.

## **CHARGE ON GROUP'S ASSETS**

As at 31 March 2023, the Group pledged its machineries and construction equipment with an aggregate net book value of approximately HK\$21.2 million (31 March 2022: approximately HK\$14.3 million) and motor vehicles with an aggregate net book value of approximately HK\$0.2 million (31 March 2022: approximately HK\$0.6 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 2023, payment for life insurance policy of approximately HK\$4.0 million was pledged to a bank to secure the banking facilities granted to the Group (2022: approximately HK\$3.9 million).

## **FOREIGN EXCHANGE EXPOSURE**

All of the revenue-generating operations and bank borrowings of the Group were denominated 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 2023, the Group's material contingent liabilities was set out in note 13 of this announcement.

## **COMMITMENTS**

As at 31 March 2023, the Group had no material capital commitments in respect of acquisition of property and equipment (2022: 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, namely the provision of foundation engineering services.

## **INFORMATION ON EMPLOYEES**

As at 31 March 2023, the Group had 98 full-time employees working in Hong Kong (2022: 172). 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 2023 amounted to approximately HK\$54.1 million (2022: approximately HK66.2 million).

## **DIVIDENDS**

The Board does not recommend the payment of a final dividend for the year ended 31 March 2023 (2022: Nil).

## **EVENTS AFTER THE REPORTING PERIOD**

Save as disclosed in this announcement, the Board is not aware of any significant events since 31 March 2023 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 the Directors. Having made specific enquiry, all Directors have fully complied with the required standards set out in the Model Code and there was no event of non-compliance during the year ended 31 March 2023.

## **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 2023.

## **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 include 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 oversee the financial reporting system, internal control systems and risk management system and relationship with external auditors and review arrangements employees of the Company can use, in confidence, to raise concerns about possible improprieties in financial reporting, internal control or other matters of the Company.

During the year ended 31 March 2023, the Audit Committee held three meetings to review and comment on change of auditors of the Company, the Company’s 2022 annual results, interim results and audit plans for annual audit 2023 as well as the Company’s internal control procedures and risk management system.

The Group’s consolidated financial statements for the year ended 31 March 2023 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 2023 comply with applicable accounting standards, 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 2023 as set out in the preliminary announcement have been agreed by the Group's auditors, 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 and consequently no opinion or assurance conclusion 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 2023 and the annual results for the year ended 31 March 2023.

By order of the Board  
**Ling Yui Holdings Limited**  
**Ling Chi Fai**  
*Chairman and Executive Director*

Hong Kong, 27 June 2023

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