



**LING YUI HOLDINGS LIMITED**  
**凌銳控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**Stock Code: 784**

**2022**  
**Interim Report**

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# CORPORATE INFORMATION

## BOARD OF DIRECTORS

### Executive Directors

Mr. Ling Chi Fai (*Chairman*)

*(appointed on 1 September 2022)*

Mr. Chan Siu Hung (*Chief Executive Officer*)

Mr. Li Meng

*(appointed on 1 September 2022)*

Mr. Lee Kim Ming

*(resigned on 1 September 2022)*

### Independent Non-executive Directors

Mr. Chong Kam Fung

Mr. Ho Chun Chung Patrick

Mr. Shi Wai Lim William

## BOARD COMMITTEES

### Audit Committee

Mr. Ho Chun Chung Patrick (*Chairman*)

Mr. Chong Kam Fung

Mr. Shi Wai Lim William

### Remuneration Committee

Mr. Chong Kam Fung (*Chairman*)

Mr. Ling Chi Fai

*(appointed on 1 September 2022)*

Mr. Ho Chun Chung Patrick

Mr. Shi Wai Lim William

Mr. Lee Kim Ming

*(resigned on 1 September 2022)*

### Nomination Committee

Mr. Ling Chi Fai (*Chairman*)

*(appointed on 1 September 2022)*

Mr. Chong Kam Fung

Mr. Ho Chun Chung Patrick

Mr. Shi Wai Lim William

Mr. Lee Kim Ming

*(resigned on 1 September 2022)*

## AUDITOR

HLB Hodgson Impey Cheng Limited

*Certified Public Accountant*

31/F, Gloucester Tower

The Landmark

11 Pedder Street

Central

Hong Kong

## COMPANY SECRETARY

Ms. Ng Hoi Ying

## AUTHORISED REPRESENTATIVES

Mr. Ling Chi Fai

*(appointed on 1 September 2022)*

Ms. Ng Hoi Ying

Mr. Lee Kim Ming

*(resigned on 1 September 2022)*

## REGISTERED OFFICE IN THE CAYMAN ISLANDS

Windward 3, Regatta Office Park

PO Box 1350

Grand Cayman KY1-1108

Cayman Islands

## HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Units 1702-03, Stelux House

698 Prince Edward Road East

San Po Kong

Kowloon

Hong Kong

# CORPORATE INFORMATION

## **LEGAL ADVISER AS TO HONG KONG LAWS**

CFN Lawyers in association with  
Broad and Bright  
Room Nos. 4101-04, 41/F  
Sun Hung Kai Centre  
30 Harbour Road  
Wan Chai, Hong Kong

## **PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN THE CAYMAN ISLANDS**

Ocorian Trust (Cayman) Limited  
Windward 3, Regatta Office Park  
PO Box 1350  
Grand Cayman KY1-1108  
Cayman Islands

## **BRANCH SHARE REGISTRAR AND TRANSFER OFFICE IN HONG KONG**

Tricor Investor Services Limited  
17/F, Far East Finance Centre  
16 Harcourt Road  
Hong Kong

## **PRINCIPAL BANKS**

Bank of Communications Co., Ltd.  
Dah Sing Bank, Limited  
The Hongkong and Shanghai Banking Corporation Limited

## **COMPANY'S WEBSITE**

[www.lingyui.com.hk](http://www.lingyui.com.hk)

## **STOCK CODE**

784

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**For the six months ended 30 September 2022**

		<b>Six months ended 30 September</b>	
	<i>Notes</i>	<b>2022</b> <i>HK\$'000</i> <b>(Unaudited)</b>	2021 <i>HK\$'000</i> (Unaudited)
Revenue	4	<b>126,715</b>	163,698
Direct costs		<b>(113,682)</b>	(151,079)
Gross profit		<b>13,033</b>	12,619
Other income	5	<b>2,409</b>	2,537
Impairment loss allowance of trade receivables and contract assets under expected credit loss model		<b>(102)</b>	(836)
Administrative expenses		<b>(13,558)</b>	(11,337)
Finance costs	6	<b>(723)</b>	(946)
Profit before taxation	7	<b>1,059</b>	2,037
Income tax expense	8	<b>(40)</b>	(540)
Profit and total comprehensive income for the period		<b>1,019</b>	1,497
Profit and total comprehensive income attributable to owners of the company		<b>1,019</b>	1,497
Earnings per share attributable to owners of the company		<b><i>HK cents</i></b>	<i>HK cents</i>
– Basic and diluted	10	<b>0.13</b>	0.19

# UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2022

	Notes	As at 30 September 2022 HK\$'000 (Unaudited)	As at 31 March 2022 HK\$'000 (Audited)
<b>Non-current assets</b>			
Property and equipment	11	44,401	46,905
Deposits and payment for life insurance policy	13	4,255	4,238
		<b>48,656</b>	51,143
<b>Current assets</b>			
Trade receivables	12	34,892	53,873
Deposits, prepayments and other receivables	13	4,085	4,654
Contract assets		110,749	101,260
Bank balances	14	9,300	10,133
		<b>159,026</b>	169,920
<b>Current liabilities</b>			
Trade payables	15	37,250	57,461
Other payables and accrued charges	16	26,677	26,350
Lease liabilities		730	612
Contract liabilities		382	2,503
Bank borrowings	17	23,464	23,792
Tax payable		46	6
		<b>88,549</b>	110,724
Net current assets		<b>70,477</b>	59,196
Total assets less current liabilities		<b>119,133</b>	110,339
<b>Non-current liabilities</b>			
Lease liabilities		1,362	–
Bank borrowings	17	7,006	593
Deferred tax liabilities		2,914	2,914
		<b>11,282</b>	3,507
Net assets		<b>107,851</b>	106,832
<b>Equity attributable to owners of the company</b>			
Share capital	18	8,000	8,000
Reserves		99,851	98,832
Total equity		<b>107,851</b>	106,832

# UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2022

	Attributable to owners of the company				Total <i>HK\$'000</i>
	Share capital <i>HK\$'000</i>	Share premium <i>HK\$'000</i>	Other reserve <i>HK\$'000</i>	Accumulated profits <i>HK\$'000</i>	
Balance at 1 April 2021 (audited)	8,000	123,367	(60,130)	33,355	104,592
Profit and total comprehensive income for the period	-	-	-	1,497	1,497
Balance at 30 September 2021 (unaudited)	<b>8,000</b>	<b>123,367</b>	<b>(60,130)</b>	<b>34,852</b>	<b>106,089</b>
Balance at 1 April 2022 (audited)	<b>8,000</b>	<b>123,367</b>	<b>(60,130)</b>	<b>35,595</b>	<b>106,832</b>
Profit and total comprehensive income for the period	-	-	-	1,019	1,019
Balance at 30 September 2022 (unaudited)	<b>8,000</b>	<b>123,367</b>	<b>(60,130)</b>	<b>36,614</b>	<b>107,851</b>

# UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2022

	Six months ended 30 September	
	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
<b>NET CASH (USED IN)/GENERATED FROM OPERATING ACTIVITIES</b>	<b>(5,132)</b>	13,260
<b>INVESTING ACTIVITIES</b>		
Purchases of property and equipment	(2,543)	(6,221)
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(2,543)</b>	(6,221)
<b>FINANCING ACTIVITIES</b>		
Interest paid	(723)	(946)
Repayment of bank borrowings	(58,606)	(64,193)
New bank borrowings raised	66,867	54,095
Repayment of lease liabilities/finance leases	(696)	(1,474)
<b>NET CASH GENERATED FROM/(USED IN) FINANCING ACTIVITIES</b>	<b>6,842</b>	(12,518)
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(833)</b>	(5,479)
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>	<b>10,133</b>	10,658
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD represented by bank balances</b>	<b>9,300</b>	5,179



# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 September 2022

## 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 Act (as revised) of Cayman Islands since 24 January 2017 and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”). 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, the “**Group**”) is principally engaged in provision of foundation engineering services in Hong Kong.

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

## 2. BASIS OF PREPARATION

The unaudited condensed consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”) and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance. The unaudited condensed consolidated financial statements have been prepared under the historical cost convention.

The preparation of the unaudited condensed consolidated financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group’s accounting policies.

## 3. PRINCIPAL ACCOUNTING POLICIES

### (a) **The following new and amended HKFRSs have been adopted by the Group for the first time for the financial period beginning on or after 1 April 2022:**

Amendments to HKFRS 3	Reference to the Conceptual Framework
Amendments to HKAS 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 new and amendments to HKFRSs in the current period has had no material impact on the Group’s financial performance and positions for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 September 2022

## 3. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

### (b) The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective:

HKFRS 17	Insurance Contracts and the related Amendments <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 HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) <sup>1</sup>
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies <sup>1</sup>
Amendments to HKAS 8	Disclosure 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.

The directors of the Company (the “**Directors**”) are in process of assessing the potential impact of the new and revised HKFRSs, and at this stage have not yet anticipated or determined the effect of the application of these new and revised HKFRSs on the financial performance and financial position of the Group.

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 September 2022

## 4. REVENUE AND SEGMENTAL INFORMATION

Revenue represents the net amounts received and receivable from the foundation engineering services provided by the Group to customers. The Group's revenue is solely derived from foundation engineering services in Hong Kong. For the purpose of resources allocation and performance assessment, the chief operating decision maker representing the Directors reviews the overall results and financial position of the Group as a whole prepared based on same accounting policies of the Group. Accordingly, the Group has only one single operating segment and no further discrete financial information nor analysis of this single segment is presented.

### Geographical information

No geographical segment information is presented as the Group's revenue are all derived from Hong Kong based on the location of services delivered and the Group's non-current assets excluding financial instruments amounting to approximately HK\$48,359,000 (31 March 2022: approximately HK\$50,846,000) are all located in Hong Kong by physical location of assets.

### Information about major customers

Revenue from customers contributing over 10% of the Group's total revenue during the period is as follows:

	Six months ended 30 September	
	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
Customer A	70,149	88,643
Customer B	33,272	39,465

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 September 2022

## 5. OTHER INCOME

	Six months ended 30 September	
	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
Government grants ( <i>Note</i> )	2,160	–
Interest income	79	63
Income from sale of waste material	–	2,200
Sundry income	170	274
	<b>2,409</b>	<b>2,537</b>

*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.

## 6. FINANCE COSTS

	Six months ended 30 September	
	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
Finance costs on:		
Lease liabilities	29	65
Bank borrowings	694	881
	<b>723</b>	<b>946</b>

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 September 2022

## 7. PROFIT BEFORE TAXATION

	Six months ended 30 September	
	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
Profit before taxation has been arrived at after charging:		
Auditor's remuneration	480	480
Depreciation of property and equipment	5,047	6,545
Directors' remuneration	1,530	1,404
Other staff costs		
Salaries and other benefits	24,262	28,177
Retirement benefits scheme contributions	710	867
Total staff costs	26,502	30,448

## 8. INCOME TAX EXPENSE

For the six months ended 30 September 2022 and 2021, Hong Kong profits tax is calculated in accordance with the two-tiered profits tax rates regime. Under the two-tiered profits tax rates regime, the first HK\$2 million of profits of qualifying corporation will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%. The profits of corporations not qualifying for the two-tiered profits tax rates regime will continue to be taxed at 16.5% on the estimated assessable profits.

The amount of income tax expense charged to the unaudited condensed consolidated statement of profit or loss and other comprehensive income represents:

	Six months ended 30 September	
	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
Hong Kong Profits Tax:		
Current tax	40	540
	40	540

## 9. DIVIDENDS

The board of Directors (the "Board") does not recommend the payment of an interim dividend for the six months ended 30 September 2022 (six months ended 30 September 2021: Nil).

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 September 2022

## 10. EARNINGS PER SHARE

### (a) Basic

Basic earnings per share is calculated by dividing the earnings attributable to the owners of the Company by the weighted average number of ordinary shares in issue during the respective periods.

	Six months ended 30 September	
	2022 (Unaudited)	2021 (Unaudited)
Earnings for the period attributable to owners of the Company (HK\$'000)	1,019	1,497
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share (in thousand)	800,000	800,000
Earnings per share (expressed in HK cents per share)	0.13	0.19

For the six months ended 30 September 2022 and 2021, the weighted average number of ordinary shares for the purpose of calculating basic earnings per share were derived from 800,000,000 shares.

### (b) Diluted

Diluted earnings per share is the same as basic earnings per share due to the absence of dilutive potential ordinary share for six months ended 30 September 2022 and 2021.

## 11. PROPERTY AND EQUIPMENT

During the six months ended 30 September 2022, the Group acquired certain items of property, plant and equipment of approximately HK\$25,000 (six months ended 30 September 2021: approximately HK\$5,048,000).

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 September 2022

## 12. TRADE RECEIVABLES

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 presented based on the invoice date at the end of the reporting period.

	As at 30 September 2022 <i>HK\$'000</i> (Unaudited)	As at 31 March 2022 <i>HK\$'000</i> (Audited)
0 – 30 days	26,721	38,457
31 – 60 days	1,851	10,651
61 – 90 days	1,555	–
91 – 365 days	–	–
Over 365 days	4,765	4,765
	<b>34,892</b>	53,873

## 13. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	As at 30 September 2022 <i>HK\$'000</i> (Unaudited)	As at 31 March 2022 <i>HK\$'000</i> (Audited)
Deposits	1,258	1,549
Pledged deposit	2,364	2,794
Other receivables	370	340
Prepayments	389	268
Payment for life insurance policy	3,959	3,941
	<b>8,340</b>	8,892
Total	<b>8,340</b>	8,892
Presented as non-current assets	4,255	4,238
Presented as current assets	4,085	4,654
	<b>8,340</b>	8,892
Total	<b>8,340</b>	8,892

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 September 2022

## 14. BANK BALANCES

Bank balances comprise cash held and short term bank deposits with an original maturity of three months or less and carrying interest at prevailing market rate of 0.01% (31 March 2022: 0.01%) per annum.

## 15. 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:

	As at 30 September 2022 HK\$'000 (Unaudited)	As at 31 March 2022 HK\$'000 (Audited)
0 – 30 days	20,347	20,946
31 – 60 days	1,813	19,783
Over 60 days	15,090	16,732
	<b>37,250</b>	57,461

## 16. OTHER PAYABLES AND ACCRUED CHARGES

	As at 30 September 2022 HK\$'000 (Unaudited)	As at 31 March 2022 HK\$'000 (Audited)
Accrued charges	4,478	4,140
Retention payable	18,358	16,806
Accrued staff cost	3,841	5,404
	<b>26,677</b>	26,350



# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 September 2022

## 17. BANK BORROWINGS

	As at 30 September 2022 <i>HK\$'000</i> (Unaudited)	As at 31 March 2022 <i>HK\$'000</i> (Audited)
Guaranteed bank borrowings		
Secured	30,470	24,385
Unsecured	–	–
	<b>30,470</b>	24,385
The carrying amounts of the above bank borrowings are repayable:		
Within one year	23,464	23,792
More than one year but within two years	7,006	593
	<b>30,470</b>	24,385

The Group's bank borrowings as at 30 September 2022 were secured and guaranteed by:

- (a) life insurance policy of the Group; and
- (b) corporate guarantees provided by the Company.

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 September 2022

## 18. SHARE CAPITAL

The share capital balance as at 30 September 2022 in the unaudited condensed consolidated statement of financial position represented the issued share capital of the Company. Details of the authorised and issued and fully paid share capital of the Company are summarised as follows:

	Number of shares	<i>HK\$'000</i>
Ordinary shares of HK\$0.01 each		
Authorised:		
At 31 March 2022 and 30 September 2022	<b>2,000,000,000</b>	20,000
Issued and fully paid:		
At 31 March 2022 and 30 September 2022	<b>800,000,000</b>	8,000

## 19. RELATED PARTY TRANSACTIONS

### Compensation of key management personnel

The remuneration of Directors and other members of key management during the six months ended 30 September 2022 and 2021 were as follows:

	Six months ended 30 September	
	2022 <i>HK\$'000</i> (Unaudited)	2021 <i>HK\$'000</i> (Unaudited)
Short-term benefits	3,329	3,251
Post-employment benefits	54	54
	<b>3,383</b>	3,305

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 September 2022

## 20. 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**").

Up to the date of this report, the Consolidated Action is at the case management stage. 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 engaged in the provision of 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 six months ended 30 September 2022, the Group recorded a net profit of approximately HK\$1.0 million as compared to a net profit of approximately HK\$1.5 million for the corresponding period in 2021. The Directors are of the view that the decrease in net profit was due to economic downturn in Hong Kong caused by the sporadic outbreak 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 government of the Hong Kong Special Administrative Region. 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.

## FINANCIAL REVIEW

### Revenue

The Group's revenue decreased by approximately 22.6% from approximately HK\$163.7 million for the six months ended 30 September 2021 to approximately HK\$126.7 million for the six months ended 30 September 2022. Such decrease was mainly due to 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.

# MANAGEMENT DISCUSSION AND ANALYSIS

## **Direct Costs**

The Group's direct costs for the six months ended 30 September 2022 were approximately HK\$113.7 million, representing a decrease of approximately 24.8% from approximately HK\$151.1 million for the six months ended 30 September 2021. 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 six months ended 30 September 2022 was approximately HK\$13.0 million as compared to gross profit for the six months ended 30 September 2021 of approximately HK\$12.6 million. The Group recorded a gross profit margin for the six months ended 30 September 2022 of approximately 10.3%, as compared to a gross profit margin of approximately 7.7% for the six months ended 30 September 2021. Such increase was primarily due to our tendering strategy of focusing on ELS works project which performed by our direct labour and machinery.

## **Administrative Expenses**

The Group's administrative expenses for the six months ended 30 September 2022 were approximately HK\$13.6 million, representing an increase of approximately 20.4% from approximately HK\$11.3 million for the six months ended 30 September 2021, primarily as a result of staff cost which resulted from an increase in provision of bonus and salary increment of approximately HK\$1.3 million and HK\$0.5 million, respectively.

## **Profit and Total Comprehensive Income for the Period Attributable to Owners of the Company**

As a result of the foregoing, the Group recorded a net profit of approximately HK\$1.0 million for the six months ended 30 September 2022 as compared to a net profit of approximately HK\$1.5 million for the same period in 2021.

# MANAGEMENT DISCUSSION AND ANALYSIS

## CAPITAL STRUCTURE, LIQUIDITY AND FINANCIAL RESOURCES

The shares of the Company (the “Shares”) were successfully listed on the Main Board of the Stock Exchange on 28 December 2017. There has been no change in the capital structure of the Group since then. The capital of the Group comprises of ordinary shares only.

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

As at 30 September 2022, the Group had bank balances of approximately HK\$9.3 million (31 March 2022: approximately HK\$10.1 million).

As at 30 September 2022, the Group’s total equity attributable to owners of the Company amounted to approximately HK\$107.9 million (31 March 2022: approximately HK\$106.8 million). As of the same date, the Group’s total debt amounted to approximately HK\$99.8 million (31 March 2022: approximately HK\$114.2 million).

## BORROWINGS AND GEARING RATIO

As at 30 September 2022, the Group had borrowings of approximately HK\$30.5 million which were denominated in Hong Kong dollars (31 March 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 30 September 2022, the gearing ratio of the Group, calculated as the total debt divided by the total equity, was approximately 92.6% (31 March 2022: approximately 106.9%).

## SIGNIFICANT INVESTMENTS HELD, MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

Save as disclosed in this report, there was no significant investment, material acquisition and disposal of subsidiaries, associates and joint ventures by the Company during the six months ended 30 September 2022. There was no other plans for material investments or capital assets as at 30 September 2022.

# MANAGEMENT DISCUSSION AND ANALYSIS

## CHARGE ON GROUP ASSETS

As at 30 September 2022, the Group had pledged its machineries and construction equipment with an aggregate net book value of approximately HK\$23.5 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 30 September 2022, 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 (31 March 2022: approximately HK\$3.9 million).

## FOREIGN EXCHANGE EXPOSURE

All of the revenue-generating operations and borrowings of the Group were mainly 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

Save as disclosed in the note 20 to the unaudited condensed consolidated financial statements, as at 30 September 2022, the Group did not have any material contingent liabilities (31 March 2022: Nil).

# MANAGEMENT DISCUSSION AND ANALYSIS

## CAPITAL COMMITMENTS

As at 30 September 2022, the Group had no material capital commitments in respect of acquisition of property and equipment (31 March 2022: Nil).

## SEGMENT INFORMATION

The Group's revenue is solely derived from foundation engineering services in Hong Kong and hence it has only one single operating segment. Accordingly, no operating segment information is presented as the Group's revenue. The Group also had no geographical segment information presented as at 30 September 2022 and 2021.

## INFORMATION ON EMPLOYEES

As at 30 September 2022, the Group had 113 full-time employees working in Hong Kong (as at 31 March 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 six months ended 30 September 2022 amounted to approximately HK\$26.5 million (for the six months ended 30 September 2021: approximately HK\$30.4 million).

## DIVIDENDS

The Board does not recommend the payment of an interim dividend for the six months ended 30 September 2022 (30 September 2021: Nil).



## OTHER INFORMATION

### DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 September 2022, the following Directors or chief executives of the Company had or was deemed to have interests or short positions in the Shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong (the "SFO") (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in Appendix 10 to Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"):

#### Long position in Shares and underlying shares of the Company

Name of Directors/ chief executive	Capacity/Nature of interest	Number of Shares held/ Interested	Approximate percentage of shareholding
Mr. Chan Siu Hung ( <i>Note 1</i> )	Interested in a controlled corporation	57,090,000	7.14%
Mr. Ling Chi Fai ( <i>Note 2</i> )	Interested in a controlled corporation	70,000,000	8.75%

#### Notes:

- (1) Mr. Chan Siu Hung ("**Mr. Chan**") legally and beneficially owns the entire issued share capital of Simply Marvel Limited ("**Simply Marvel**"). Therefore, Mr. Chan is deemed, or taken to be, interested in all the Shares held by Simply Marvel for the purpose of the SFO. Mr. Chan is the sole director of Simply Marvel.
- (2) Mr. Ling Chi Fai ("**Mr. Ling**") legally and beneficially owns the entire issued share capital of Reach Goal Development Limited ("**Reach Goal**"). Therefore, Mr. Ling is deemed, or taken to be, interested in all the Shares held by Reach Goal for the purpose of the SFO. Mr. Ling is the sole director of Reach Goal.

## OTHER INFORMATION

Save as disclosed above, as at 30 September 2022, none of the Directors or chief executives of the Company had any interests or short positions in any Shares, underlying shares or debentures of the Company or any of its associated corporation (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interest and short positions which he was taken or deemed to have under provision of the SFO) or which were required, pursuant to Section 352 of the SFO, to be recorded in the register referred to therein or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

### SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES, UNDERLYING SHARES AND DEBENTURES

So far as is known to the Directors, as at 30 September 2022, the following persons/entities (other than the Directors or chief executives of the Company) had or were deemed to have, interests or shorts positions in the Shares, underlying shares or debentures of the Company which would be required to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were required to be recorded in the register of interests required to be kept by the Company under Section 336 of the SFO, or who were directly or indirectly, be interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at the general meetings of the Company or any other member of the Group:

#### Long positions in Shares and underlying shares of the Company

Name	Capacity/ Nature of interest	Number of Shares held/ interested	Approximate percentage of shareholding
Mr. Lee Kim Ming ( <i>Note 1</i> )	Interested in a controlled corporation	462,910,000	57.86%
Simple Joy Investments Limited (" <b>Simple Joy</b> ")	Beneficial owner	462,910,000	57.86%
Ms. Yeung Yuen Man ( <i>Note 2</i> )	Interest of spouse	462,910,000	57.86%
Reach Goal	Beneficial owner	70,000,000	8.75%
Simply Marvel	Beneficial owner	57,090,000	7.14%
Ms. Fu Jingyan ( <i>Note 3</i> )	Interest of spouse	57,090,000	7.14%

#### Notes:

- (1) Mr. Lee Kim Ming ("**Mr. Lee**") legally and beneficially owns the entire issued share capital of Simple Joy. Therefore, Mr. Lee is deemed, or taken to be interested in all the shares held by Simple Joy for the purpose of the SFO. Mr. Lee is the sole director of Simple Joy.
- (2) Ms. Yeung Yuen Man ("**Ms. Yeung**") is the spouse of Mr. Lee. Under the SFO, Ms. Yeung is deemed to be interested in the same number of Shares in which Mr. Lee is interested.
- (3) Ms. Fu Jingyan ("**Ms. Fu**") is the spouse of Mr. Chan. Under the SFO, Ms. Fu is deemed to be interested in the same number of Shares in which Mr. Chan is interested.

## OTHER INFORMATION

Save as disclosed above, as at 30 September 2022, none of the substantial or significant shareholders or other persons, other than the Directors and chief executives of the Company whose interests are set out in the section “Directors’ and Chief Executives’ Interests and Short Positions in Shares, Underlying Shares and Debentures” above, had any interests or a short positions in the Shares or underlying shares as recorded in the register required to be kept by the Company under Section 336 of the SFO, or who were directly or indirectly, be interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at the general meetings of the Company or any other member of the Group.

### **PURCHASES, SALE OR REDEMPTION OF THE COMPANY’S LISTED SECURITIES**

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company’s listed securities during the six months ended 30 September 2022.

### **COMPETING BUSINESS**

During the six months ended 30 September 2022, none of the Directors or the controlling shareholders of the Company (the “**Controlling Shareholders**”) and their respective associates (as defined in the Listing Rules) had any interests in a business, apart from the business of the Group, which competes or may compete, either directly or indirectly, with the business of the Group or has any other conflict of interest with the Group which would be required to be disclosed under Rule 8.10 of the Listing Rules.

### **Non-Competition Undertaking**

In order to avoid any possible future competition between the Group and the Controlling Shareholders, Mr. Lee and Simple Joy (each a “**Covenantor**” and collectively the “**Covenantors**”) have entered into the deed of non-competition (the “**Deed of Non-competition**”) with the Company (for itself and for the benefit of each other member of the Group) on 4 December 2017. Pursuant to the Deed of Non-competition, the Covenantors have irrevocably and unconditionally undertaken to the Company (for itself and as trustee for its subsidiaries) that, during the period that the Deed of Non-competition remains effective, he/it shall not, and shall procure that his/its associates (other than any member of the Group) not to develop, acquire, invest in, participate in, carry on or be engaged, concerned or interested or otherwise be involved, whether directly or indirectly, in any business in competition with or likely to be in competition with the existing business activity of any member of the Group.

## OTHER INFORMATION

Each of the Covenantors further undertakes that if any of he/it or his/its close associates other than any member of the Group is offered or becomes aware of any business opportunity which may compete with the business of the Group, he/it shall (and he/it shall procure his/its associates to) notify the Group in writing and the Group shall have a right of first refusal to take up such business opportunity. The Group shall, within 6 months after receipt of the written notice (or such longer period if the Group is required to complete any approval procedures as set out under the Listing Rules from time to time), notify the Covenantor(s) whether the Group will exercise the right of first refusal or not.

The Group shall only exercise the right of first refusal upon the approval of all the independent non-executive Directors (who do not have any interest in such opportunity). The relevant Covenantor(s) and the other conflicting Directors (if any) shall abstain from participating in and voting at and shall not be counted as quorum at all meetings of the Board where there is a conflict of interest or potential conflict of interest including but not limited to the relevant meeting of the independent non-executive Directors for considering whether or not to exercise the right of first refusal.

During the six months ended 30 September 2022, the Company had not received any information in writing from any of the Controlling Shareholders in respect of any new business opportunity which competed or might compete with the existing and future business of the Group which were offered to or came to be the knowledge of the Controlling Shareholders or their associates (other than any member of the Group).

### MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted 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 and its code of conduct during the six months ended 30 September 2022.

### SHARE OPTION SCHEME

The Company's share option scheme (the "**Scheme**") was adopted, pursuant to a resolution passed on 4 December 2017, for the primary purpose of providing additional incentive to employees (full-time and part-time), directors, consultants, advisers, distributors, contractors, suppliers, agents, customers, business partners or service providers of the Group. Unless otherwise terminated or amended, the Scheme will remain in force for 10 years.

## OTHER INFORMATION

Pursuant to the Scheme, the aggregate number of Shares which may be issued upon exercise of all options to be granted under the Scheme, and other schemes offered by the Company, as from the date of adoption of the Scheme, shall not exceed 10% of the Shares in issue on the listing date (i.e. 800,000,000 Shares). The overall limit on the number of shares which shall be issued upon exercise of all outstanding options granted and yet to be exercised under the Scheme, and other schemes offered by the Company, shall not exceed 30% of the issued share capital of the Company from time to time. The total number of shares issued, and to be issued, upon exercise of options granted in accordance with the Scheme to each eligible participant in any 12-month period shall not exceed 1% of the issued share capital of the Company. The option shall remain open for acceptance by the eligible participant for a period of 7 days (inclusive of the date on which such offer is made). HK\$1 shall be payable by the participants on acceptance of the offer of the option.

The exercisable period of the share options granted is determinable by the Board, but no later than 10 years from the date of grant of the options. The subscription price for the Shares in respect of which options are granted is determinable by the Board, but shall be no less than the highest of (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of grant of the options, which must be a business day; (ii) the average closing price of the Company's Shares as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of grant of the options; and (iii) the nominal value of the Company's share on the date of grant of the option.

For the six months ended 30 September 2022, no share option was granted, exercised, expired or lapsed and there was no outstanding share option under the Scheme.

### CORPORATE GOVERNANCE PRACTICE

The Company and the Board are devoted to achieve and maintain the highest standards of corporate governance as the Board believes that effective corporate governance practices are fundamental to enhance the shareholder value and safeguard interest of the shareholders and other stakeholders. Accordingly, the Company has adopted sound corporate governance principles that emphasise on a quality Board, effective internal control, stringent disclosure practices and transparency and accountability to all stakeholders.

The management of the Group periodically reviews and proposes amendments to its corporate governance practices for compliance with the Corporate Governance Code (the "CG Code") as set out in Appendix 14 of the Listing Rules. In the opinion of the Board, the Company has complied with the CG Code during the six months ended 30 September 2022 and up to date of this report.

## OTHER INFORMATION

### 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, the independent non-executive Director, and other members included Mr. Chong Kam Fung and Mr. Shi Wai Lim William, the independent non-executive Directors. 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 auditors 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 unaudited condensed consolidated financial statements for the six months ended 30 September 2022 have been reviewed by the Audit Committee. The Audit Committee is of the opinion that the unaudited condensed consolidated financial statements of the Group for the six months ended 30 September 2022 comply with applicable accounting standards, the Listing Rules and that adequate disclosures have been made.

### EVENTS AFTER REPORTING PERIOD

Save as disclosed above and in this report, there has been no other important event affecting the Group since 30 September 2022 and up to date of this report.

## OTHER INFORMATION

### PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

The interim results announcement and the interim report are published on the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) and the Company's website at [www.lingyui.com.hk](http://www.lingyui.com.hk). The interim report of the Company for the six months ended 30 September 2022 will be dispatched to the shareholders of the Company. Should the shareholders of the Company have any difficulties in accessing the corporate communications electronically, please request the printed interim report, free of charge, at any time by writing to the Company or the Company's branch share registrar, Tricor Investor Services Limited.

By order of the Board  
**Ling Yui Holdings Limited**  
**Chan Siu Hung**  
*Executive Director*

Hong Kong, 28 November 2022

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