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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 2018

- Revenue was approximately HK\$331.1 million for the year ended 31 March 2018, representing an increase of approximately 51.0% as compared with the same for the year ended 31 March 2017.
- Gross profit was approximately HK\$53.0 million for the year ended 31 March 2018, representing an increase of approximately 6.1% as compared with the same for the year ended 31 March 2017.
- Gross profit margin decreased from approximately 22.8% for the year ended 31 March 2017 to approximately 16.0% for the year ended 31 March 2018.
- Profit attributable to the owners of the Company was approximately HK\$15.2 million for the year ended 31 March 2018, representing a decrease of approximately 45.7% as compared with the same for the year ended 31 March 2017. By excluding the listing expenses, net profit attributable to the owners of the Company for the year ended 31 March 2018 was approximately HK\$26.0 million.
- Basic earnings per share was approximately HK\$2.2 cents for the year ended 31 March 2018, and the basic earnings per share of approximately HK\$4.2 cents for the year ended 31 March 2017.
- The Board does not recommend the payment of any final dividend for the year ended 31 March 2018.

FINAL RESULTS

The board (the “**Board**”) of directors (the “**Directors**”) of Ling Yui Holdings Limited (the “**Company**”) is pleased to announce the consolidated results of the Company and its subsidiaries (collectively the “**Group**”) for the year ended 31 March 2018, together with the comparative figures for the year ended 31 March 2017. The financial information has been approved by the Board.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2018

	<i>Notes</i>	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>
Revenue	5	331,112	219,328
Direct costs		(278,078)	(169,339)
Gross profit		53,034	49,989
Other income		1,426	3,364
Other gains and losses		2,652	65
Administrative expenses		(21,872)	(12,983)
Listing expenses		(10,849)	(2,292)
Finance costs	6	(1,203)	(623)
Profit before taxation	7	23,188	37,520
Income tax expense	8	(5,827)	(6,565)
Profit and total comprehensive income for the year		17,361	30,955
Profit and total comprehensive income attributable to:			
Owners of the Company		15,187	27,973
Non-controlling interests		2,174	2,982
		17,361	30,955
Earnings per share			
Basic (HK cents)	10	2.2	4.2

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2018

	<i>Notes</i>	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>
Non-current assets			
Property and equipment		39,958	20,199
Deposits		876	1,072
		40,834	21,271
Current assets			
Trade receivables	11	24,229	9,345
Deposits, prepayments and other receivables		5,189	6,787
Tax recoverable		3,579	–
Amounts due from customers for contract work	12	108,270	53,379
Amount due from a director		–	17,157
Pledged bank deposits		3,500	–
Bank balances and cash		47,722	33,162
		192,489	119,830
Current liabilities			
Trade payables	13	39,373	41,770
Other payables and accrued charges		21,187	10,737
Obligations under finance leases		4,599	7,180
Amounts due to customers for contract work	12	2,443	727
Bank borrowings		32,921	6,143
Tax payable		–	3,989
		100,523	70,546
Net current assets		91,966	49,284
Total assets less current liabilities		132,800	70,555
Non-current liabilities			
Deferred tax liabilities		4,973	1,668
Obligations under finance leases		981	2,671
		5,954	4,339
Net assets		126,846	66,216

	<i>Notes</i>	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>
Capital and reserves			
Share capital	<i>14</i>	8,000	148
Reserves		118,846	60,193
		<hr/>	<hr/>
Equity attributable to owners of the Company		126,846	60,341
Non-controlling interests		–	5,875
		<hr/>	<hr/>
Total equity		126,846	66,216
		<hr/> <hr/>	<hr/> <hr/>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March, 2018

1. GENERAL

The Company was incorporated and registered as an exempted company with limited liability in the Cayman Islands under the Cayman Companies Law 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 “**Listing**”). The registered office of the Company is located at PO Box 1350, Clifton House, 75 Fort Street, 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 holding company of the Company is Simple Joy Investments Limited (“**Simple Joy**”), 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 subsidiaries of the Company 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. GROUP REORGANISATION AND BASIS OF PREPARATION AND PRESENTATION

The consolidated financial statements have been prepared based on the accounting policies set out in note 4 which conform with Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”) and the principles of merger accounting under Accounting Guideline 5 “**Merger Accounting for Common Control Combinations**” (“**AG 5**”) issued by the HKICPA.

Historically, Mr. Lee owned 100% equity interest in Ming Lee Foundation Company Limited (“**Ming Lee Foundation**”) and 50% equity interest in Ming Lee Engineering Company Limited (“**Ming Lee Engineering**”). Remaining 50% equity interest in Ming Lee Engineering are owned by Ms. Yeung Yuen Man (“**Ms. Yeung**”), the spouse of Mr. Lee and Ms. Yeung held the interest of Ming Lee Engineering on behalf of Mr. Lee. On 27 August 2015, Mr. Chan Siu Hung (“**Mr. Chan**”) entered into a sale and purchase agreement with Mr. Lee to acquire 10% interest of Ming Lee Foundation at a cash consideration of HK\$5,000,000 from Mr. Lee. Upon the completion of the transfer, Mr. Chan owned 10% equity interest in Ming Lee Foundation. Before the reorganisation (“**Reorganisation**”) as described below, Ming Lee Engineering and Ming Lee Foundation, the operating subsidiaries, were controlled by Mr. Lee.

In preparation of the Listing on the Stock Exchange, the companies comprising the Group underwent the Reorganisation as described below.

- (i) Smart Sage Limited (“**Smart Sage**”) was incorporated on 3 January 2017 in the BVI with limited liability and is authorised to issue a maximum of 50,000 shares with a par value of United States Dollar (“**USD**”) 1 each. One share of Smart Sage was allotted and issued at par to Simple Joy on 18 January 2017.
- (ii) Southern Sun Investment Limited (“**Southern Sun**”) was incorporated on 3 January 2017 in the BVI with limited liability and is authorised to issue a maximum of 50,000 shares with a par value of USD 1 each. 90 and 10 shares of Southern Sun were allotted and issued at par to Simple Joy and Simply Marvel Limited (“**Simply Marvel**”), an entity incorporated in the BVI with limited liability and owned by Mr. Chan, respectively, on 18 January 2017.

- (iii) The Company was incorporated on 24 January 2017 in the Cayman Islands with limited liability and with an authorised share capital of HK\$380,000 divided into 38,000,000 shares of HK\$0.01 each. One share of the Company was allotted and issued to the initial subscriber and was subsequently transferred to Simple Joy on 24 January 2017.
- (iv) On 22 March 2017, Mr. Lee acquired one share in Ming Lee Engineering from Ms. Yeung, at a cash consideration of HK\$1.
- (v) On 30 March 2017, Smart Sage acquired entire equity interest of Ming Lee Engineering from Mr. Lee in consideration of the allotment and issue of 9,999 shares of Smart Sage to Simple Joy. Upon the completion of transfer, Ming Lee Engineering became the wholly-owned subsidiary of Smart Sage.
- (vi) On 30 March 2017, Southern Sun acquired 90% and 10% equity interest of Ming Lee Foundation from Mr. Lee and Mr. Chan in consideration of the allotment and issue of 8,991 and 999 shares of Southern Sun to Simple Joy and Simply Marvel, respectively. Upon the completion of transfer, Simple Joy owned 90% equity interest in Ming Lee Foundation.
- (vii) On 4 December 2017, the Company acquired 90% equity interest in Southern Sun and entire equity interest in Smart Sage in consideration of the allotment and issue of 9,134 shares of the Company to Simple Joy and the Company acquired 10% equity interest in Southern Sun on consideration of the allotment and issue of 865 shares of the Company to Simply Marvel. Upon the completion of the transfer, Southern Sun and Smart Sage became the wholly-owned subsidiaries of the Company.

Pursuant to the Reorganisation detailed above, the Company has become the holding company of the companies now comprising the Group on 4 December 2017 and Ming Lee Foundation and Ming Lee Engineering are controlled by Mr. Lee before and after the Reorganisation. The Group comprising the Company and its subsidiaries resulting from the Reorganisation is regarded as a continuing entity, accordingly, the consolidated financial statements have been prepared as if the Company had always been the holding company of the Group.

The consolidated financial statements has been prepared under the principles of merger accounting in accordance with the principles of merger accounting in accordance with AG 5 issued by the HKICPA. The consolidated statements of profit or loss and other comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows of the Group for the years ended 31 March 2018 and 2017 include the results, changes in equity and cash flows of the companies now comprising the Group as if the current group structure had been in existence throughout the years ended 31 March 2018 and 2017 or since their respective dates of incorporation, where there is a shorter period. The consolidated statement of financial position of the Group as at 31 March 2017 has been prepared to present the assets and liabilities of the companies now comprising the Group as if the current group structure had been in existence at that date taking into account the respective dates of incorporation, where applicable. The equity interest attributable to parties other than controlling party, namely Mr. Lee, is treated as non-controlling interests.

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

The Group has adopted and consistently applied all the new and revised HKFRSs, Hong Kong Accounting Standards (“HKASs”), amendments and interpretations issued by the HKICPA that are effective for the Group’s financial year beginning on 1 April 2017 for current year.

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

HKFRS 9	Financial instruments ¹
HKFRS 15	Revenue from contracts with customers and the related amendments ¹
HKFRS 16	Leases ²
HKFRS 17	Insurance contracts ⁴
Hong Kong (IFRIC) Interpretations (“HK(IFRIC)-Int”) 22	Foreign currency transactions and advance consideration ¹
HK(IFRIC)-Int 23	Uncertainty over income tax treatments ²
Amendments to HKFRS 2	Classification and measurement of share-based payment transactions ¹
Amendments to HKFRS 4	Applying HKFRS 9 “Financial instruments” with HKFRS 4 “Insurance contracts” ¹
Amendments to HKFRS 9	Prepayment features with negative compensation ²
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 19	Plan amendment, curtailment and settlement ²
Amendments to HKAS 28	Long-term interests in associates and joint ventures ²
Amendments to HKAS 28	As part of the annual improvements to HKFRSs 2014-2016 cycle ¹
Amendments to HKAS 40	Transfers of investment property ¹
Amendments to HKFRSs	Annual improvements to HKFRSs 2015-2017 cycle ²

¹ Effective for annual periods beginning on or after 1 January 2018

² Effective for annual periods beginning on or after 1 January 2019

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

⁴ Effective for annual periods beginning on or after 1 January 2021

4. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared on the historical cost basis and in accordance with HKFRSs issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

5. REVENUE AND SEGMENTAL INFORMATION

Revenue represents the fair value of amounts received and receivable from the foundation engineering services provided by the Group to external 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 (“CODM”) representing the directors of the Company reviews the overall results and financial position of the Group as a whole prepared based on same accounting policies. 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 property and equipment amounting to HK\$39,958,000 (2017: HK\$20,199,000) are all located in Hong Kong by physical location of assets.

Information about major customers

Revenue attributed from customers that accounted for 10% or more of the Group's total revenue is as follows:

	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>
Customer A	–*	106,285
Customer B	50,705	69,184
Customer C	<u>170,618</u>	<u>33,461</u>

* Less than 10% of the Group's total revenue for the year

6. FINANCE COSTS

	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>
Finance costs on:		
Obligations under finance leases	541	430
Bank borrowings	<u>662</u>	<u>193</u>
	<u>1,203</u>	<u>623</u>

7. PROFIT BEFORE TAXATION

	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>
Profit before taxation has been arrived at after charging:		
Auditor's remuneration	1,000	60
Depreciation of property and equipment	6,272	6,944
Directors' remuneration	2,080	1,673
Other staff costs		
Salaries and other benefits	39,986	25,401
Retirement benefits scheme contributions	2,750	898
Total staff costs	44,816	27,972
Minimum lease payments under operating leases in respect of:		
– land and buildings	1,852	1,554
– machineries and construction equipment	4,146	1,504
	<u>5,998</u>	<u>3,058</u>

8. INCOME TAX EXPENSE

	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>
Hong Kong Profits Tax:		
Current tax	2,634	6,185
Overprovision in prior years	(112)	–
Deferred tax	3,305	380
	<u>5,827</u>	<u>6,565</u>

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both years.

9. DIVIDENDS

On 6 December 2017, after the Reorganisation and prior to the Listing, the Company declared dividends of HK\$21,881,000 to its then shareholders, with dividends attributable to Mr. Lee of approximately HK\$19,988,000 are settled through the current account with him. No dividend has been proposed since the end of the reporting period.

10. EARNINGS PER SHARE

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

Earnings

	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>
Earnings for the purpose of calculating basic earnings per share attributable to owners of the Company	<u>15,187</u>	<u>27,973</u>

Number of shares

	2018 <i>'000</i>	2017 <i>'000</i>
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	<u>696,055</u>	<u>660,000</u>

The weighted average number of ordinary shares for the purpose of calculating basic earnings per share has been determined on the assumption that the Reorganisation and the capitalisation issue (as disclosed in note 2) had been effective on 1 April 2016.

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

11. TRADE RECEIVABLES

	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>
Trade receivables	24,490	9,345
Allowance for doubtful debts	(261)	–
	<u>24,229</u>	<u>9,345</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 presented based on the invoice date at the end of the reporting period.

	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>
0-30 days	20,854	9,177
31-60 days	3,375	168
	<u>24,229</u>	<u>9,345</u>

12. AMOUNTS DUE FROM/TO CUSTOMERS FOR CONTRACT WORK

	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>
Contracts in progress at the end of the reporting period:		
Contract costs incurred plus recognised profits less recognised loss	434,332	251,199
Less: Progress billings	(328,505)	(198,547)
Total	<u>105,827</u>	<u>52,652</u>
Analysed as:		
Amounts due from customers for contract work	108,270	53,379
Amounts due to customers for contract work	(2,443)	(727)
	<u>105,827</u>	<u>52,652</u>

13. 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:

	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>
0-30 days	30,937	20,064
31-60 days	7,195	17,714
Over 60 days	1,241	3,992
	<u>39,373</u>	<u>41,770</u>

14. SHARE CAPITAL

The share capital as at 1 April 2016 and 31 March 2017 represented the combined share capital of Ming Lee Foundation and Ming Lee Engineering. The share capital as at 31 March 2018 represented the share capital of the Company.

Details of the share capital of the Company are disclosed as follows:

	Number of shares	Amount HK\$'000
Ordinary shares of HK\$0.01 each:		
Authorised:		
At 24 January 2017 (date of incorporation) (<i>note i</i>) and 31 March 2017	38,000,000	380
Increase on 4 December 2017 (<i>note ii</i>)	1,962,000,000	19,620
	<u>2,000,000,000</u>	<u>20,000</u>
At 31 March 2018	<u>2,000,000,000</u>	<u>20,000</u>
Issued and fully paid:		
At 24 January 2017 (date of incorporation) (<i>note i</i>) and 31 March 2017	1	–
Issued of new shares on reorganisation (<i>note iii</i>)	9,999	–
Capitalisation issue (<i>note iv</i>)	659,990,000	6,600
Issue of new share upon Listing (<i>note v</i>)	140,000,000	1,400
	<u>800,000,000</u>	<u>8,000</u>
At 31 March 2018	<u>800,000,000</u>	<u>8,000</u>

Notes:

- (i) On 24 January 2017, the Company was incorporated with an authorised share capital of HK\$380,000 divided into 38,000,000 shares of HK\$0.01 each. Upon its incorporation, one share was allotted at par and credited as fully paid.
- (ii) Pursuant to the written resolutions passed by the shareholders on 4 December 2017, the authorised share capital of the Company was increased from HK\$380,000 to HK\$20,000,000 by creation of additional 1,962,000,000 ordinary shares of HK\$0.01 each which, upon issue, shall rank pari passu in all aspects with the existing issued ordinary shares.

- (iii) On 4 December 2017, the Company acquired 90% equity interest in Southern Sun and entire equity interest in Smart Sage in consideration of the allotment and issue of 9,134 shares of the Company to Simple Joy and the Company acquired 10% equity interest in Southern Sun on consideration of the allotment and issue of 865 shares of the Company to Simply Marvel. Details refer to note 2(vii).
- (iv) Pursuant to the written resolutions passed by the shareholders on 4 December 2017, conditional upon the share premium account of the Company being credited as a result of the offer of the Company's shares, the directors of the Company were authorised to capitalise the amount of HK\$6,599,900 from the amount standing to the credit of the share premium account of the Company and to apply such amount to pay up in full at par. The capitalisation issue was completed on 28 December 2017.
- (v) On 28 December 2017, 140,000,000 shares of the Company were issued at HK\$0.50 per share for a total consideration of HK\$70,000,000.

All issued shares rank pari passu in all respects including all rights as to dividends, voting and return of capital.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group is a Hong Kong-based subcontractor principally providing foundation works including ELS 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 2018, the Group recorded revenue of approximately HK\$331.1 million as compared to revenue of HK\$219.3 million for the year ended 31 March 2017. The Directors are of the view that the increase in revenue were primarily due to increase in number of construction projects. During the year ended 31 March 2018, 15 ongoing projects with a respective contract sum of over HK\$5,000,000 were under construction (2017: 11 projects). The Group will continue to provide foundation works to our customers to enhance our business.

OUTLOOK

The shares of the Company were listed on the Main Board of the Stock Exchange on 28 December 2017 (the “**Listing Date**”) by way of public offer and placing. The Group always strives to improve its operation efficiency and profitability of its business. The Group plans to expand its fleet of machinery and equipment, which enhance the basis of its technical capability to bid future projects. The Group will also proactively seek potential business opportunities that will broaden the sources of income and enhance value to the shareholders. The net proceeds from the share offer of the shares thereby provide financial resources to the Group to meet and achieve its business opportunities and strategies which will further strengthen the Group’s market position in foundation works.

FINANCIAL REVIEW

Revenue

The Group's revenue increased by approximately 51.0% from approximately HK\$219.3 million for the year ended 31 March 2017 to approximately HK\$331.1 million for the year ended 31 March 2018. Such increase was mainly resulting from the increase in the number and size of foundation projects undertaken and the increase in value of works done.

Direct Costs

The Group's direct costs for the year ended 31 March 2018 was approximately HK\$278.1 million, representing an increase of approximately 64.2% from approximately HK\$169.3 million for the year ended 31 March 2017, mainly attributable to the increase in value of works subcontracted and construction materials consumed.

Gross Profit and Gross Profit Margin

The Group's gross profit for the year ended 31 March 2018 were approximately HK\$53.0 million, representing an increase of approximately 6.1% from approximately HK\$50.0 million for the year ended 31 March 2017. The Group's gross profit margin for the year ended 31 March 2018 was approximately 16.0%, representing a decrease of approximately 6.8 percentage points as compared to approximately 22.8% for the year ended 31 March 2017. Such decrease were primarily due to competitive project pricing arising from intense market competition and the increase in sizeable projects undertaken which the Group is willing to bid at relatively lower profit margin.

Administrative Expenses

The Group's administrative expenses for the year ended 31 March 2018 were approximately HK\$21.9 million, representing an increase of approximately 68.5% from approximately HK\$13.0 million for the year ended 31 March 2017, primarily as a result of the increase in staff costs due to the increase in the number of back office staff to support the business growth.

Listing Expenses

During the year ended 31 March 2018, the Group recognised non-recurring listing expenses under accrual basis of approximately HK\$10.8 million (2017: HK\$2.3 million), as expenses in connection with the Listing on the Main Board of the Stock Exchange.

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

For the year ended 31 March 2018, the Group recorded a net profit of approximately HK\$17.4 million as compared to a net profit of approximately HK\$31.0 million for the same period in 2017. Set aside the listing expenses, the Group's net profit for the year ended 31 March 2018 would be approximately HK\$28.2 million (2017: HK\$33.2 million). The result was mainly attributable to the competitive market environment.

USE OF NET PROCEEDS FROM LISTING

The net proceeds from the share offer of the Group at the time of Listing, after deduction of the underwriting commission and actual expenses paid by the Group in connection thereto, were approximately HK\$52.0 million.

The below table sets out the proposed and actual applications of the net proceeds from the Listing Date to 31 March 2018:

	Planned use of proceeds <i>HK\$'000</i>	Actual use of proceeds from Listing Date to 31 March 2018 <i>HK\$'000</i>	Unutilised balance as at 31 March 2018 <i>HK\$'000</i>
Funding the costs to be incurred in the early stage of three existing foundation works projects	22,845	15,280	7,565
Strengthening the manpower	12,213	564	11,649
Enhancing the machinery	12,252	6,615	5,637
General working capital	4,705	4,705	–
	<u>52,015</u>	<u>27,164</u>	<u>24,851</u>

The business objectives, future plans and planned use of proceeds as stated in the prospectus of the Company dated 13 December 2017 (the “**Prospectus**”) were based on the best estimation and assumption of future market conditions made by the Group at the time of preparing the Prospectus while the proceeds were applied based on the actual development of the Group’s business and the industry.

CAPITAL STRUCTURE, LIQUIDITY AND FINANCIAL RESOURCES

The shares were successfully listed on 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 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 2018, the Group had cash and bank balances of approximately HK\$47.7 million (2017: HK\$33.2 million).

As at 31 March 2018, the Group’s total equity attributable to owners of the Company amounted to approximately HK\$126.8 million (2017: HK\$60.3 million). As of the same date, the Group’s total debt amounted to approximately HK\$106.5 million (2017: HK\$74.9 million).

BORROWINGS AND GEARING RATIO

As at 31 March 2018, the Group had borrowings of approximately HK\$38.5 million which was denominated in Hong Kong dollars (2017: HK\$16.0 million). The Group's bank borrowings were primarily used in financing the working capital requirement of its operations.

As at 31 March 2018, the gearing ratio of the Group, calculated as the total debt divided by the total equity, was approximately 83.9% (2017: 113.1%).

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

In preparation for the Listing, the Company underwent the Reorganisation, the detail of which are set out in the section headed “**History, Development and Reorganisation**” of the Prospectus.

Save as disclosed herein, there was no significant investment, material acquisition and disposal of subsidiaries and associated companies by the Company during the year ended 31 March 2018. There is no other plan for material investments or capital assets for the year ended 31 March 2018.

CHARGE ON GROUP ASSETS

As at 31 March 2018, the Group has pledged its machineries and construction equipment with an aggregate net book value of HK\$11,629,000 (2017: HK\$12,175,000) and motor vehicles with an aggregate net book value of HK\$1,075,000 (2017: HK\$3,615,000).

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

As at 31 March 2018, the Group did not have any material contingent liabilities (2017: Nil).

COMMITMENTS

The Group is the lessee in respect of office premises, quarters and warehouses under operating leases. As at 31 March 2018, the Group's total future minimum lease payments under non-cancellable operating leases were approximately HK\$1.7 million (2017: HK\$3.1 million).

SEGMENT INFORMATION

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

DIVIDENDS

The Directors do not recommend the payment of final dividend for the year ended 31 March 2018 (2017: Nil).

On 6 December 2017, the Company declared dividends of approximately HK\$21.9 million to its then shareholders, with dividends attributable to Mr. Lee of approximately HK\$20.0 million are settled through the current account with him.

CORPORATE GOVERNANCE PRACTICES

The Group is committed to achieving and maintaining high standards of corporate governance, as the Board believes that good and effective corporate governance practices are key to obtaining and maintaining the trust of the shareholders of the Company and other stakeholders, and are essential for encouraging accountability and transparency so as to sustain the success of the Group and to promote the interests of its shareholders of the Company.

Accordingly, the Company has adopted sound corporate governance principles that emphasise a quality Board, effective internal control, stringent disclosure practices, transparency and accountability to all stakeholders.

The Company has applied the principles and code provisions in the Corporate Governance Code and Corporate Governance Report (the "CG Code") as set out in Appendix 14 to the Listing Rules. In the opinion of the Board, the Company has complied with the CG Code since Listing Date up to the date of this announcement.

PURCHASE, 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 year ended 31 March 2018.

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, Mr. Chung Yan Yee Andrew and Mr. Shi Wai Lim William, the independent non-executive Directors.

The core duties of the Audit Committee are 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. This final results announcement of the Group for the year ended 31 March 2018 have been reviewed by the Audit Committee of the Company.

SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU

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 2018 as set out in the preliminary announcement have been agreed by the Group’s auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the Group’s audited consolidated financial statements for the year. The work performed by Messrs. Deloitte Touche Tohmatsu 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 Messrs. Deloitte Touche Tohmatsu on the preliminary announcement.

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

Hong Kong, 26 June 2018

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. Chung Yan Yee Andrew, Mr. Ho Chun Chung Patrick and Mr. Shi Wai Lim William as independent non-executive Directors.