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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 2020

FINANCIAL HIGHLIGHTS

- Revenue increased by approximately 56.5% from approximately HK\$289.2 million for the year ended 31 March 2019 to approximately HK\$452.6 million for the year ended 31 March 2020.
- Gross profit for the year ended 31 March 2020 was approximately HK\$27.8 million as compared with approximately HK\$0.9 million for the year ended 31 March 2019.
- Gross profit margin increased from approximately 0.3% for the year ended 31 March 2019 to approximately 6.2% for the year ended 31 March 2020.
- Profit attributable to the owners of the Company was approximately HK\$0.3 million for the year ended 31 March 2020, as compared with a loss attributable to the owners of the Company of approximately HK\$20.5 million for the year ended 31 March 2019.
- Basic earnings per share was approximately HK0.04 cents for the year ended 31 March 2020, as compared with the basic loss per share of approximately HK2.6 cents for the year ended 31 March 2019.
- The Board does not recommend the payment of any final dividend for the year ended 31 March 2020.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME*For the year ended 31 March 2020*

	<i>NOTES</i>	2020 HK\$'000	2019 HK\$'000
Revenue	3	452,627	289,212
Direct costs		(424,784)	(288,337)
Gross profit		27,843	875
Other income		765	1,175
Other gains		23	–
Impairment loss allowance of trade receivables and contract assets under expected credit loss model		(243)	(351)
Administrative expenses		(25,324)	(24,027)
Finance costs		(2,396)	(1,931)
Profit (loss) before taxation	4	668	(24,259)
Income tax (expense) credit	5	(380)	3,766
Profit (loss) and total comprehensive income (expense) for the year		288	(20,493)
Earnings (loss) per share			
Basic (HK cents)	7	0.04	(2.6)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2020

	<i>NOTES</i>	2020 HK\$'000	2019 HK\$'000
Non-current assets			
Property and equipment		58,710	64,389
Deposits and payment for life insurance policy		4,409	3,898
		63,119	68,287
Current assets			
Trade receivables	8	50,853	42,842
Deposits, prepayments and other receivables		6,956	4,913
Tax recoverable		2,644	2,610
Contract assets	9	132,095	99,106
Bank balances		5,237	26,367
		197,785	175,838
Current liabilities			
Trade payables	10	76,986	60,963
Other payables and accrued charges		24,400	27,078
Lease liabilities		5,585	–
Contract liabilities	9	4,673	–
Obligations under finance leases		–	13,745
Bank borrowings		39,930	31,817
		151,574	133,603
Net current assets		46,211	42,235
Total assets less current liabilities		109,330	110,522
Non-current liabilities			
Lease liabilities		1,466	–
Obligations under finance leases		–	4,531
Bank borrowings		1,171	–
Deferred tax liabilities		1,551	1,137
		4,188	5,668
Net assets		105,142	104,854
Capital and reserves			
Share capital	11	8,000	8,000
Reserves		97,142	96,854
Total equity		105,142	104,854

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2020

1. GENERAL

Ling Yui Holdings Limited (the “**Company**”) was incorporated and registered as an exempted company with limited liability in the Cayman Islands under the Companies Law of Cayman Islands on 24 January 2017 and its shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 28 December 2017. The registered office of the Company is located at 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 and ultimate holding company of the Company is Simple Joy Investments Limited, which is incorporated in the British Virgin Islands (“**BVI**”) with limited liability and is wholly owned by Mr. Lee Kim Ming (“**Mr. Lee**”) who is also the executive director of the Company.

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

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

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

New and amendments to HKFRSs that are mandatorily effective for the current year

The Group has applied the following new and amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) for the first time in the current year:

HKFRS 16	Leases
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments
Amendments to HKFRS 9	Prepayment Features with Negative Compensation
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015-2017 Cycle

Except as described below, the application of the new and amendments to HKFRSs in the current year has 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.

HKFRS 16 Leases

The Group has applied HKFRS 16 for the first time in the current year. HKFRS 16 superseded HKAS 17 Leases (“HKAS 17”), and the related interpretations.

The following adjustments were made to the amounts recognised in the consolidated statement of financial position at 1 April 2019.

	Carrying amounts previously reported at 31 March 2019	Adjustments	Carrying amounts under HKFRS 16 at 1 April 2019
Current liabilities			
Obligations under finance leases	13,745	(13,745)	–
Lease liabilities	–	13,745	13,745
Non-current liabilities			
Obligations under finance leases	4,531	(4,531)	–
Lease liabilities	–	4,531	4,531

New and amendments to HKFRSs in issue but not yet effective

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

HKFRS 17	Insurance Contracts ¹
Amendments to HKFRS 16	Covid-19-Related Rent Concessions ⁵
Amendments to HKFRS 3	Definition of a Business 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 HKFRS 1 and HKAS 8	Definition of Material ⁴
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform ⁴

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

² Effective for business combinations and asset acquisitions for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1 January 2020

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 2020

⁵ Effective for annual periods beginning on or after 1 June 2020

In addition to the above new and amendments to HKFRSs, a revised Conceptual Framework for Financial Reporting was issued in 2018. Its consequential amendments, the Amendments to References to the Conceptual Framework in HKFRS Standards, will be effective for annual periods beginning on or after 1 January 2020.

3. REVENUE AND SEGMENT INFORMATION

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, represented by the executive directors of the Company, reviews the overall results and financial position of the Group as a whole. Accordingly, the Group has only one single operating segment and no further discrete financial information nor analysis of this single segment is presented.

Timing of revenue recognition and category of revenue

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Recognised over time:		
Foundation engineering services	<u>452,627</u>	<u>289,212</u>

4. PROFIT (LOSS) BEFORE TAXATION

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Profit (loss) before taxation has been arrived at after charging:		
Auditor's remuneration	1,100	1,100
Depreciation of property and equipment	10,762	9,146
Directors' remuneration	3,026	3,141
Other staff costs		
Salaries and other benefits	53,927	45,642
Retirement benefits scheme contributions	3,315	3,138
Total staff costs	<u>60,268</u>	<u>51,921</u>

5. INCOME TAX EXPENSE (CREDIT)

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Hong Kong Profits Tax:		
Current tax	29	88
Overprovision in prior years	(63)	(18)
Deferred tax	<u>414</u>	<u>(3,836)</u>
	<u>380</u>	<u>(3,766)</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% .

6. DIVIDENDS

No dividend was paid or declared during the year ended 31 March 2020 and 2019, nor has any dividend been proposed since the end of the reporting period.

7. EARNINGS (LOSS) PER SHARE

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

Earnings (loss)

	2020	2019
	<i>HK\$'000</i>	<i>HK\$'000</i>
Earnings (loss) for the year for the purpose of calculating basic earnings (loss) per share attributable to owners of the Company	<u>288</u>	<u>(20,493)</u>

Number of shares

	2020	2019
	<i>'000</i>	<i>'000</i>
Weighted average number of ordinary shares for the purpose of calculating basic earnings (loss) per share	<u>800,000</u>	<u>800,000</u>

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

8. TRADE RECEIVABLES

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Trade receivables	51,986	43,858
Less: impairment loss allowance	<u>(1,133)</u>	<u>(1,016)</u>
	<u>50,853</u>	<u>42,842</u>

At 1 April 2018, the trade receivables was amounted to HK\$24,229,000 (after deducting impairment loss allowance of HK\$261,000). 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.

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
0 – 30 days	27,034	34,392
31 – 60 days	14,622	2,320
61 – 90 days	–	4,912
91 – 365 days	2,805	–
Over 365 days	<u>6,392</u>	<u>1,218</u>
	<u>50,853</u>	<u>42,842</u>

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

9. CONTRACT ASSETS AND CONTRACT LIABILITIES

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Contract assets		
Foundation engineering services	133,316	100,201
Less: Impairment loss allowance	<u>(1,221)</u>	<u>(1,095)</u>
	<u>132,095</u>	<u>99,106</u>
Contract liabilities		
Foundation engineering services	<u>4,673</u>	<u>–</u>

At 1 April 2018, the contract assets was amounted to HK\$106,959,000 (after deducting impairment loss allowance of HK\$1,311,000). 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.

The Group's foundation engineering services contracts include payment schedules which require stage payments over the construction period with reference to the proportion of direct costs incurred for work performed to date relative to the estimated total direct costs. The Group typically transfer the contract assets to trade receivables when the rights become unconditional.

The Group also typically agrees to a retention period ranging from 1 year to 2 years for 10% of the contract value. This amount is included in contract assets until the end of the retention period as the Group's entitlement to this final payment is conditional on completion of defect liability period. The Group classifies these contract assets as current because the Group expects to realise them in its normal operating cycle.

Included in the contract assets as at 31 March 2020 was retention money of HK\$61,949,000 (2019: HK\$48,928,000).

10. TRADE PAYABLES

The following is an ageing analysis of trade payables presented based on the invoice date at the end of the reporting period:

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
0 – 30 days	27,316	35,261
31 – 60 days	13,599	17,904
Over 60 days	36,071	7,798
	<u>76,986</u>	<u>60,963</u>

11. SHARE CAPITAL

	Number of shares	Amount <i>HK\$'000</i>
Ordinary shares of HK\$0.01 each:		
Authorised:		
At 1 April 2018, 31 March 2019 and 2020	<u>2,000,000,000</u>	<u>20,000</u>
Issued and fully paid:		
At 1 April 2018, 31 March 2019 and 2020	<u>800,000,000</u>	<u>8,000</u>

12. CONTINGENT LIABILITIES

In the prior year, 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.

On 17 April 2019, 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.

Subsequently, 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 one action (the “**Consolidated Action**”).

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 lawyers 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 under the Consolidated Action. 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 subcontractor principally providing 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 2020, the Group recorded revenue of approximately HK\$452.6 million as compared to revenue of HK\$289.2 million for the year ended 31 March 2019. The Directors are of the view that the increase in revenue was contributed by the Group's quality of works and maintaining good relationship with customers, which are key to securing projects and driving business growth.

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 in early 2020 has created economic uncertainty to Hong Kong and imposed negative impacts on the construction industry, including supply chain disruptions, workforce shortages due to illness and preventative quarantines, and work stoppages due to measures imposed by the 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 subcontractor, and invest in the manpower and information system to enhance its operational capacity and efficiency.

PRINCIPAL RISKS AND UNCERTAINTIES

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

- A significant portion of the Group's revenue was generated from contracts which were not recurrent in nature and were awarded by a few customers, and any decrease in the number of projects with the Group's major customers would adversely affect the Group's operations and financial results;
- As the Group from time to time engages subcontractors in the works, the Group may bear responsibilities for any non-performance, delayed performance, sub-standard performance or non-compliance of the Group's subcontractors; and
- The Group determine 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 estimate due to unexpected circumstances.

COMPLIANCE WITH LAWS AND REGULATIONS

As far as the Directors are aware, the Group has complied in material respects with the relevant laws and regulations that have a significant impact on the business and operation of the Group. During the year ended 31 March 2020, 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 a 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 and suppliers, without whom success in the Group's production and operation would be at risk.

FINANCIAL REVIEW

Revenue

The Group's revenue increased by approximately 56.5% from approximately HK\$289.2 million for the year ended 31 March 2019 to approximately HK\$452.6 million for the year ended 31 March 2020. Such increase was mainly resulted from significant revenue contribution from 3 projects at (i) 223-229 Lo Fai Road; (ii) Cheung Shun Street; and (iii) Sin Fat Road, which contribute revenue of approximately HK\$129.2 million, HK\$89.6 million and HK\$102.5 million, respectively, during the year ended 31 March 2020.

Direct Costs

The Group's direct costs for the year ended 31 March 2020 was approximately HK\$424.8 million, representing an increase of approximately 47.3% from approximately HK\$288.3 million for the year ended 31 March 2019, mainly attributable to the increase in revenue.

Gross Profit and Gross Profit Margin

The Group's gross profit for the year ended 31 March 2020 was approximately HK\$27.8 million, as compared with approximately HK\$0.9 million for the year ended 31 March 2019. The Group's gross profit margin for the year ended 31 March 2020 was approximately 6.2%, representing an increase of approximately 5.9 percentage point as compared to approximately 0.3% for the year ended 31 March 2019. Such increase was primarily due to efficient implementation of the cost control measures of the Group during the year and additional cost incurred for repairing works due to an accident in relation to a damage of public utilities outside the construction site in prior year.

Administrative Expenses

The Group's administrative expenses for the year ended 31 March 2020 was approximately HK\$25.3 million, representing an increase of approximately 5.4% from approximately HK\$24.0 million for the year ended 31 March 2019, primarily as a result of increase in administrative staff cost to support business growth.

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

As a result of the foregoing, for the year ended 31 March 2020, the Group recorded a net profit of approximately HK\$0.3 million as compared to a net loss of approximately HK\$20.5 million for the same period in 2019.

COMPARISON OF BUSINESS OBJECTIVES WITH ACTUAL BUSINESS PROGRESS

The following is a comparison of the Group's business plan as set out in the prospectus of the Company dated 13 December 2017 (the "**Prospectus**") with actual business progress up to 31 March 2020.

Business plan as set out in the Prospectus

Progress up to 31 March 2020

Funding the costs to be incurred in the early stage of three existing foundation works projects

- | | |
|--------------------------|-------------------------------------------------------------------------|
| – Island Road Project | The funding costs of approximately HK\$7.9 million was fully utilised. |
| – Java Road Project | The funding costs of approximately HK\$4.2 million was fully utilised. |
| – Wong Chuk Hang Project | The funding costs of approximately HK\$10.8 million was fully utilised. |

Business plan as set out in the Prospectus**Progress up to 31 March 2020***Strengthening the manpower*

- Employ project management and supervision The Group has hired 2 assistant quantity surveyors, 6 surveyors, 3 engineers, 2 site agents and 2 project managers.
- Employ machinery operator The Group has hired 7 machinery operators.

Enhancing the machinery

- Purchase new machinery The Group has purchased 20 excavators and 5 cranes and breaker.

USE OF NET PROCEEDS FROM LISTING

The net proceeds from the share offer of the Group at the time of the listing on the Main Board of the Stock Exchange (the “**Listing**”), after deducting 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 date of the Listing (the “**Listing Date**”) to 31 March 2020:

	Planned use of proceeds HK\$'000	Actual use of proceeds from Listing Date to 31 March 2020 HK\$'000	Unutilised balance as at 31 March 2020 HK\$'000
Funding the costs to be incurred in the early stage of three existing foundation works projects	22,845	22,845	–
Strengthening the manpower	12,213	12,213	–
Enhancing the machinery	12,252	12,252	–
General working capital	4,705	4,705	–
	52,015	52,015	–

As at 31 March 2020, all net proceeds raised from the Listing had been fully utilised in the manner consistent with the proposed allocations as set out in the Prospectus.

CAPITAL STRUCTURE, LIQUIDITY AND FINANCIAL RESOURCES

The Shares were successfully listed on Main Board of the Stock Exchange on the Listing Date. 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 2020, the Group had bank balances of approximately HK\$5.2 million (2019: HK\$26.4 million).

As at 31 March 2020, the Group's total equity attributable to owners of the Company amounted to approximately HK\$105.1 million (2019: HK\$104.9 million). As of the same date, the Group's total debt, amounted to approximately HK\$155.8 million (2019: HK\$139.3 million).

BORROWINGS AND GEARING RATIO

As at 31 March 2020, the Group had borrowings of approximately HK\$41.1 million which was denominated in Hong Kong dollars (2019: HK\$50.1 million). The Group's bank borrowings were primarily used in financing the working capital requirement of its operations.

As at 31 March 2020, the gearing ratio of the Group, calculated as the total debt divided by the total equity, was approximately 148.1% (2019: 132.8%).

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

Save as disclosed in this announcement, there was no significant investment, material acquisition and disposal of subsidiaries and associated companies by the Company during the year ended 31 March 2020. There is no other plan or material investments or capital assets as at 31 March 2020.

CHARGE ON GROUP'S ASSETS

As at 31 March 2020, the Group pledged its machineries and construction equipment with an aggregate net book value of HK\$41.1 million (31 March 2019: HK\$30.6 million) and motor vehicles with an aggregate net book value of HK\$1.4 million (31 March 2019: HK\$0.9 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 2020, 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 (2019: HK\$3.7 million).

FOREIGN EXCHANGE EXPOSURE

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

TREASURY POLICIES

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

CONTINGENT LIABILITIES

As at 31 March 2020, the Group's material contingent liabilities was set out in note 12 of this announcement.

COMMITMENTS

As at 31 March 2020, the Group had no material capital commitments in respect of acquisition of property and equipment (2019: Nil).

The Group is the lessee in respect of office premises, quarters and warehouses under operating leases. As at 31 March 2020, the Group had no material operating lease commitments due to the adoption of HKFRS16 Leases (2019: HK\$0.3 million).

SEGMENT INFORMATION

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

INFORMATION ON EMPLOYEES

As at 31 March 2020, the Group had 118 full-time employees working in Hong Kong (2019: 116). 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 2020 amounted to approximately HK\$60.3 million (2019: HK\$51.9 million).

DIVIDENDS

The Board does not recommend the payment of final dividend for the year ended 31 March 2020 (2019: Nil).

CORPORATE GOVERNANCE PRACTICE

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

The Company has adopted the principles and code provisions set out in the Corporate Governance Code (the “**CG Code**”) contained in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”). The Company has fully complied with the CG Code during the year ended 31 March 2020.

EVENTS AFTER THE REPORTING PERIOD

Save as disclosed in this announcement, there is no other important event affecting the Group since 31 March 2020 and up to the date of this announcement.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) set out in Appendix 10 of the Listing Rules as the code of conduct regarding securities transactions by directors. Having made specific enquiry, all Directors have fully complied with the required standards set out in the Model Code during the year ended to 31 March 2020.

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 2020.

AUDIT COMMITTEE

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

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

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

The Group's consolidated financial statements for the year ended 31 March 2020 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 2020 comply with applicable accounting standards, the Listing Rules and that adequate disclosures have been made.

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 2020 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.

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, Messrs. Deloitte Touche Tohmatsu. 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 2020 and the annual results for the year ended 31 March 2020.

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

Hong Kong, 24 June 2020

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