



LING YUI HOLDINGS LIMITED

凌銳控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 784



2023
INTERIM REPORT

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Ling Chi Fai (*Chairman*)

Mr. Chan Siu Hung (*Chief Executive Officer*)
(*resigned on 29 September 2023*)

Mr. Leung Cheuk Ho (*Chief Executive Officer*)
(*appointed on 29 September 2023*)

Mr. Li Meng
(*resigned on 24 May 2023*)

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

Mr. Ho Chun Chung Patrick

Mr. Shi Wai Lim William

Nomination Committee

Mr. Ling Chi Fai (*Chairman*)

Mr. Chong Kam Fung

Mr. Ho Chun Chung Patrick

Mr. Shi Wai Lim William

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

Ms. Ng Hoi Ying

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

STOCK CODE

784

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 September 2023

		Six months ended 30 September	
	Notes	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Revenue	4	110,864	126,715
Direct costs		(97,099)	(113,682)
Gross profit		13,765	13,033
Other income	5	75	2,409
Reversal of (Provision for) impairment loss allowance of trade receivables and contract assets under expected credit loss model		1,093	(102)
Administrative expenses		(15,557)	(13,558)
Finance costs	6	(949)	(723)
(Loss) profit before taxation	7	(1,573)	1,059
Income tax expense	8	–	(40)
(Loss) profit and total comprehensive (expense) income for the period		(1,573)	1,019
(Loss) profit and total comprehensive (expense) income attributable to the owners of the company		(1,573)	1,019
		HK cents	<i>HK cents</i>
(Loss) earnings per share attributable to the owners of the company – Basic and diluted	10	(0.20)	0.13

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2023

	<i>Notes</i>	As at 30 September 2023 <i>HK\$'000</i> (Unaudited)	As at 31 March 2023 <i>HK\$'000</i> (Audited)
Non-current assets			
Property and equipment	11	45,730	39,623
Deposits and payment for life insurance policy	13	4,416	4,355
		50,146	43,978
Current assets			
Trade receivables	12	58,531	38,949
Deposits, prepayments and other receivables	13	5,364	4,799
Contract assets		63,008	78,803
Bank balances	14	7,844	12,636
		134,747	135,187
Current liabilities			
Trade payables	15	35,073	37,043
Other payables and accrued charges	16	29,259	29,811
Lease liabilities		4,586	759
Contract liabilities		5,869	4,263
Bank borrowings	17	28,374	26,930
Tax payable		82	82
		103,243	98,888
Net current assets		31,504	36,299
Total assets less current liabilities		81,650	80,277
Non-current liabilities			
Lease liabilities		6,045	974
Bank borrowings	17	250	2,375
Deferred tax liabilities		135	135
		6,430	3,484
Net assets		75,220	76,793
Capital and reserves			
Share capital	18	8,000	8,000
Reserves		67,220	68,793
Total equity		75,220	76,793

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2023

	Attributable to the owners of the company				Total HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Other reserve HK\$'000	Accumulated profits HK\$'000	
Balance at 1 April 2022 (audited)	8,000	123,367	(60,130)	35,595	106,832
Profit and total comprehensive income for the period	-	-	-	1,019	1,019
Balance at 30 September 2022 (unaudited)	8,000	123,367	(60,130)	36,614	107,851
Balance at 1 April 2023 (audited)	8,000	123,367	(60,130)	5,556	76,793
Loss and total comprehensive expense for the period	-	-	-	(1,573)	(1,573)
Balance at 30 September 2023 (unaudited)	8,000	123,367	(60,130)	3,983	75,220

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2023

	Six months ended 30 September	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
NET CASH USED IN OPERATING ACTIVITIES	(187)	(5,132)
INVESTING ACTIVITIES		
Purchases of property and equipment	(1,821)	(2,543)
NET CASH USED IN INVESTING ACTIVITIES	(1,821)	(2,543)
FINANCING ACTIVITIES		
Interest paid	(949)	(723)
Repayment of bank borrowings	(46,758)	(58,606)
New bank borrowings raised	46,077	66,867
Repayment of lease liabilities/finance leases	(1,154)	(696)
NET CASH (USED IN)/GENERATED FROM FINANCING ACTIVITIES	(2,784)	6,842
NET DECREASE IN CASH AND CASH EQUIVALENTS	(4,792)	(833)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	12,636	10,133
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD represented by bank balances	7,844	9,300

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2023

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 on 24 January 2017 and its shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 28 December 2017. The registered office of the Company is located at Windward 3, Regatta Office Park, PO Box 1350, Grand Cayman KY1-1108, Cayman Islands. The principal place of business in Hong Kong of the Company is located at Units 1702-03, Stelux House, 698 Prince Edward Road East, San Po Kong, Kowloon, Hong Kong.

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

The 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 basis.

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) Amendments to HKFRSs that are mandatorily effective for the current year

During the reporting period, the Group has applied the following amendments to HKFRSs issued by the HKICPA for the first time, which are mandatorily effective for the annual period beginning on or after 1 April 2023 for the preparation of the consolidated financial statements:

HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17)	Insurance Contracts
Amendments to Hong Kong Accounting Standards (“ HKAS ”) 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to HKAS 12	International Tax Reform – Pillar Two Model Rules
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2023

3. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

(a) Amendments to HKFRSs that are mandatorily effective for the current year (continued)

The application of the new and amendments to HKFRSs in the current period had no material impact on the Group's financial positions and performance for the current and prior periods and/or on the disclosures set out in these unaudited condensed consolidated financial statements.

(b) 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:

Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements ²
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ¹
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback ²
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) ²
Amendments to HKAS 1	Non-current Liabilities with Covenants (2022) ²

¹ Effective for annual periods beginning on or after a date to be determined.

² Effective for annual periods beginning on or after 1 January 2024.

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

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2023

4. REVENUE AND SEGMENTAL INFORMATION

Revenue represents the net amounts received and receivable from the foundation engineering services provided by the Group to its 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 executive 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 is 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\$49,778,000 (31 March 2023: approximately HK\$43,636,000) 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 during the period is as follows:

	Six months ended 30 September	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Customer A	40,446	70,149
Customer B	39,790	33,272
Customer C	17,119	N/A*
Customer D	11,708	N/A*

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

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2023

5. OTHER INCOME

	Six months ended 30 September	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Government grants (<i>Note</i>)	–	2,160
Interest income	66	79
Sundry income	9	170
	75	2,409

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

6. FINANCE COSTS

	Six months ended 30 September	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Finance costs on:		
Lease liabilities	156	29
Bank borrowings	793	694
	949	723

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2023

7. (LOSS) PROFIT BEFORE TAXATION

	Six months ended 30 September	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
(Loss) profit before taxation has been arrived at after charging:		
Auditor's remuneration	480	480
Depreciation of property and equipment	5,766	5,047
Directors' remuneration	2,070	1,530
Other staff costs		
Salaries and other benefits	21,246	24,262
Retirement benefits scheme contributions	588	710
Total staff costs	23,904	26,502

8. INCOME TAX EXPENSE

For the six months ended 30 September 2023 and 2022, 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	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Hong Kong Profits Tax:		
Current tax	–	40
	–	40

9. DIVIDENDS

The board of Directors (the "Board") does not recommend the payment of an interim dividend for the six months ended 30 September 2023 (six months ended 30 September 2022: Nil).

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2023

10. (LOSSES) EARNINGS PER SHARE

(a) Basic

Basic (losses) earnings per share is calculated by dividing the (losses) 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	
	2023 (Unaudited)	2022 (Unaudited)
(Losses) earnings for the period attributable to the owners of the Company (HK\$'000)	(1,573)	1,019
Weighted average number of ordinary shares for the purpose of calculating basic (losses) earnings per share (in thousand)	800,000	800,000
(Losses) earnings per share (expressed in HK cents per share)	(0.20)	0.13

For the six months ended 30 September 2023 and 2022, the weighted average number of ordinary shares for the purpose of calculating basic (losses) earnings per share were derived from 800,000,000 shares.

(b) Diluted

Diluted (losses) earnings per share is the same as basic (losses) earnings per share due to the absence of dilutive potential ordinary share for six months ended 30 September 2023 and 2022.

11. PROPERTY AND EQUIPMENT

During the six months ended 30 September 2023, the Group did not acquire any of property, plant and equipment (six months ended 30 September 2022: approximately HK\$25,000).

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2023

12. TRADE RECEIVABLES

The Group grants credit terms of 7 to 45 days to its customers from the date of invoices on progress payments of contract works. An ageing analysis of the trade receivables (net of impairment loss allowance) presented based on the invoice date at the end of the reporting period:

	As at 30 September 2023 <i>HK\$'000</i> (Unaudited)	As at 31 March 2023 <i>HK\$'000</i> (Audited)
0 – 30 days	38,127	29,147
31 – 60 days	9,836	3,571
61 – 90 days	–	–
91 – 365 days	4,323	1,539
Over 365 days	6,245	4,692
	58,531	38,949

13. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	As at 30 September 2023 <i>HK\$'000</i> (Unaudited)	As at 31 March 2023 <i>HK\$'000</i> (Audited)
Deposits	1,522	1,176
Pledged deposit	3,301	3,301
Other receivables	390	370
Prepayments	520	294
Payment for life insurance policy	4,047	4,013
Total	9,780	9,154
Presented as non-current assets	4,416	4,355
Presented as current assets	5,364	4,799
Total	9,780	9,154

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2023

14. BANK BALANCES

Bank balances comprise short-term bank deposits with an original maturity of three months or less and carrying interest at prevailing market rate from 0.375% to 0.875% (31 March 2023: 0.375% to 0.625%) per annum at the end of the reporting period.

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 2023 <i>HK\$'000</i> (Unaudited)	As at 31 March 2023 <i>HK\$'000</i> (Audited)
0 – 30 days	7,978	7,449
31 – 60 days	10,490	12,256
Over 60 days	16,605	17,338
	35,073	37,043

16. OTHER PAYABLES AND ACCRUED CHARGES

	As at 30 September 2023 <i>HK\$'000</i> (Unaudited)	As at 31 March 2023 <i>HK\$'000</i> (Audited)
Accrued charges	5,242	4,431
Retention payable	20,962	21,877
Accrued staff cost	3,055	3,503
	29,259	29,811

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2023

17. BANK BORROWINGS

	As at 30 September 2023 <i>HK\$'000</i> (Unaudited)	As at 31 March 2023 <i>HK\$'000</i> (Audited)
Secured	28,624	29,305
	28,624	29,305
The carrying amounts of the above bank borrowings are repayable:		
Within one year	28,374	26,930
More than one year but within two years	250	2,375
	28,624	29,305

The Group's bank borrowings as at 30 September 2023 were secured and guaranteed by:

- (a) machineries and construction equipment and motor vehicles;
- (b) life insurance policy of the Group; and
- (c) corporate guarantees provided by the Company.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2023

18. SHARE CAPITAL

The share capital balances as at 30 September 2023 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 2023 and 30 September 2023	2,000,000,000	20,000
Issued and fully paid:		
At 31 March 2023 and 30 September 2023	800,000,000	8,000

19. RELATED PARTY TRANSACTIONS

Compensation of key management personnel

The remuneration of executive Directors and other members of key management during the six months ended 30 September 2023 and 2022 were as follows:

	Six months ended 30 September	
	2023 <i>HK\$'000</i> (Unaudited)	2022 <i>HK\$'000</i> (Unaudited)
Short-term benefits	2,810	3,329
Post-employment benefits	45	54
	2,855	3,383

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2023

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 interim 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 unaudited condensed 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 that principally provides foundation works including excavation and lateral support works, pile cap works and pile construction, site formation works and other ancillary services such as road and drainage works for foundation projects in the private sector.

For the six months ended 30 September 2023, the Group recorded a net loss of approximately HK\$1.6 million as compared to a net profit of approximately HK\$1.0 million for the corresponding period in 2022. The Directors are of the view that the decrease in net profit to a net loss was due to the combined effect of (i) an increase in staff salary increment; (ii) an increase in rental expenses of warehouse; and (iii) the absence of subsidy and funding from the Hong Kong government.

OUTLOOK

With the easing of the COVID-19 pandemic, most of the anti-pandemic measures in Hong Kong were lifted in the first half of 2023, and the construction industry is gradually returning to normal. However, the industry still faces challenges due to the global economic climate, including rising inflation and interest rates, geopolitical tensions, environmental concerns, and a shortage of skills and labor in Hong Kong which could potentially hinder the industry's growth. 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 12.5% from approximately HK\$126.7 million for the six months ended 30 September 2022 to approximately HK\$110.9 million for the six months ended 30 September 2023. 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 2023 were approximately HK\$97.1 million, representing a decrease of approximately 14.6% from approximately HK\$113.7 million for the six months ended 30 September 2022. 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 2023 was approximately HK\$13.8 million as compared to gross profit for the six months ended 30 September 2022 of approximately HK\$13.0 million. The Group recorded a gross profit margin for the six months ended 30 September 2023 of approximately 12.4%, as compared to a gross profit margin of approximately 10.3% for the six months ended 30 September 2022. 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 2023 were approximately HK\$15.6 million, representing an increase of approximately 14.7% from approximately HK\$13.6 million for the six months ended 30 September 2022, primarily as a result of an increase of staff cost which resulted from an increase in salary increment of approximately HK\$0.8 million and an increase in rental expenses of warehouse of approximately HK\$0.6 million.

(Loss) Profit and Total Comprehensive (Expense) Income for the Period Attributable to the Owners of the Company

As a result of the foregoing, the Group recorded a net loss of approximately HK\$1.6 million for the six months ended 30 September 2023 as compared to a net profit of approximately HK\$1.0 million for the same period in 2022.

MANAGEMENT DISCUSSION AND ANALYSIS

CAPITAL STRUCTURE

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 only comprises of ordinary shares.

LIQUIDITY AND FINANCIAL RESOURCES

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 2023, the Group had bank balances of approximately HK\$7.8 million (31 March 2023: approximately HK\$12.6 million).

As at 30 September 2023, the Group’s total equity attributable to the owners of the Company amounted to approximately HK\$75.2 million (31 March 2023: approximately HK\$76.8 million). As of the same date, the Group’s total debt, amounted to approximately HK\$109.6 million (31 March 2023: approximately HK\$102.4 million).

BANK BORROWINGS AND GEARING RATIO

As at 30 September 2023, the Group had bank borrowings of approximately HK\$28.6 million which were denominated in Hong Kong dollars (31 March 2023: approximately HK\$29.3 million). The Group’s bank borrowings were primarily used in financing the working capital requirement of its operations.

As at 30 September 2023, the gearing ratio of the Group, calculated as the total debt divided by the total equity, was approximately 145.8% (31 March 2023: approximately 133.3%).

SIGNIFICANT INVESTMENTS HELD, MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES OR JOINT VENTURES AND PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Save as disclosed in this interim report, there was no significant investments held, material acquisitions and disposals of subsidiaries, associates or joint ventures by the Company during the six months ended 30 September 2023. There was no other plans for material investments or capital assets as at 30 September 2023.

MANAGEMENT DISCUSSION AND ANALYSIS

CHARGE ON GROUP ASSETS

As at 30 September 2023, the Group had pledged its machineries and construction equipment with an aggregate net book value of approximately HK\$17.5 million (31 March 2023: approximately HK\$21.2 million) and motor vehicles with an aggregate net book value of HK\$nil (31 March 2023: approximately HK\$0.2 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 2023, payment for life insurance policy of approximately HK\$4.0 million was pledged to a bank to secure the banking facilities granted to the Group (31 March 2023: approximately HK\$4.0 million).

FOREIGN EXCHANGE EXPOSURE

The Group mainly operates in Hong Kong and most of its operating transactions such as revenue, expenses, monetary assets and liabilities are denominated in Hong Kong dollars.

As such, the Directors are of the view that the Group's risk in foreign exchange is insignificant and that the Group should have sufficient resources to meet foreign exchange requirements as and if it arises. Therefore, the Group currently does not have a foreign currency hedging policy. The Board will review the Group's foreign exchange risk and exposure from time to time and will apply hedging where necessary.

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 2023, the Group did not have any material contingent liabilities (31 March 2023: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

CAPITAL COMMITMENTS

As at 30 September 2023, the Group had no material capital commitments in respect of acquisition of property and equipment (31 March 2023: 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 2023 and 2022.

INFORMATION ON EMPLOYEES

As at 30 September 2023, the Group had 96 full-time employees working in Hong Kong (as at 31 March 2023: 98). 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 2023 amounted to approximately HK\$23.9 million (for the six months ended 30 September 2022: approximately HK\$26.5 million).

DIVIDENDS

The Board does not recommend the payment of an interim dividend for the six months ended 30 September 2023 (30 September 2022: Nil).

OTHER INFORMATION

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

As at 30 September 2023, 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 positions in Shares and underlying shares of the Company

Name of Director/ chief executive	Capacity/Nature of interest	Number of Shares held/ Interested	Approximate percentage of shareholding
Mr. Ling Chi Fai (<i>Note 1</i>)	Interested in a controlled corporation	130,000,000	16.25%

Note:

- (1) 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.

Save as disclosed above, as at 30 September 2023, none of the Directors or chief executives of the Company had registered any interests or short positions in any Shares, underlying shares and debentures of the Company or any of its associated corporations (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 interests and short positions which he was taken or deemed to have under such provisions 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.

OTHER INFORMATION

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES AND UNDERLYING SHARES

So far as is known to the Directors, as at 30 September 2023, the following persons/entities (not being Directors or chief executive of the Company) had, or were deemed to have, interests or short positions in the Shares and underlying shares of the Company which would fall 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 required to be kept by the Company under Section 336 of the SFO:

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	402,910,000	50.36%
Simple Joy Investments Limited (" Simple Joy ")	Beneficial owner	402,910,000	50.36%
Ms. Yeung Yuen Man (<i>Note 2</i>)	Interest of spouse	402,910,000	50.36%
Reach Goal	Beneficial owner	130,000,000	16.25%
Simply Marvel Limited (" Simply Marvel ")	Beneficial owner	57,090,000	7.14%
Mr. Chan Siu Hung (<i>Note 3</i>)	Interest in a controlled corporation	57,090,000	7.14%
Ms. Fu Jingyan (<i>Note 4</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) Mr. Chan Siu Hung ("**Mr. Chan**") legally and beneficially owns the entire issued share capital of 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.
- (4) 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 2023, 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 2023.

COMPETING BUSINESS

During the six months ended 30 September 2023, 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, each of the Covenantors has 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 2023, 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 to 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 there was no event of non-compliance during the six months ended 30 September 2023.

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), the 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.

As at 1 April 2023 and 30 September 2023, the total number of share options available for grant under the Scheme was 80,000,000. For the six months ended 30 September 2023, no share option was granted, exercised, expired, lapsed or cancelled and there is no outstanding share option under the Scheme. As such, no shares of the Company that may be issued in respect of options granted under all shares schemes of the Company during the six months ended 30 September 2023, and divided by the weighted average number of shares of 800,000,000 shares of the Company for the six months ended 30 September 2023, is nil.

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 good and effective corporate governance practices are fundamental to obtain and maintain the trust 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 to the Listing Rules. In the opinion of the Board, the Company has complied with the CG Code during the six months ended 30 September 2023 and up to date of this interim report.

OTHER INFORMATION

UPDATE ON DIRECTOR'S INFORMATION UNDER RULE 13.51B(1) OF THE LISTING RULES

Pursuant to Rule 13.51B(1) of the Listing Rules, the changes in the information of the Directors since the date of approval of the annual report 2023 of the Company is set out below:

- 1 Mr. Chan Siu Hung has resigned as an executive Director and the chief executive officer (the "CEO") of the Company with effect from 29 September 2023.
- 2 Mr. Leung Cheuk Ho has been appointed as an executive Director and the CEO with effect from 29 September 2023. He is entitled to a Director's remuneration of HK\$1,040,000 per year.

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

The Group's unaudited condensed consolidated financial statements for the six months ended 30 September 2023 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 2023 comply with applicable accounting standards, the Listing Rules and that adequate disclosures have been made.

OTHER INFORMATION

EVENTS AFTER THE REPORTING PERIOD

Save as disclosed in this interim report, the Board is not aware of any significant events since 30 September 2023 and up to date of this interim report.

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 and the Company's website at www.lingyui.com.hk. The interim report of the Company for the six months ended 30 September 2023 will be despatched 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 and transfer office in Hong Kong, Tricor Investor Services Limited.

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

Hong Kong, 29 November 2023

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