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RI YING HOLDINGS LIMITED

日贏控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1741)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 30 SEPTEMBER 2022 AND RESUMPTION OF TRADING

FINANCIAL HIGHLIGHTS

- Revenue decreased by approximately 50.6% from approximately HK\$223.1 million for the year ended 30 September 2021 to approximately HK\$110.3 million for the year ended 30 September 2022.
- The Group incurred gross loss of approximately HK\$87.0 million for the year ended 30 September 2022 as compared with the gross profit of approximately HK\$20.9 million for the year ended 30 September 2021.
- The Group also recorded a gross loss margin of approximately 78.9% for the year ended 30 September 2022 as compared with the gross profit margin of 9.4% for the year ended 30 September 2021.
- Loss attributable to the owners of the Company was approximately HK\$21.3 million for the year ended 30 September 2021 as compared to loss of approximately HK\$135.8 million for the year ended 30 September 2022.
- Basic and diluted loss per share was approximately HK16.97 cents and HK2.66 cents for the years ended 30 September 2022 and 2021, respectively.
- The Board does not recommend the payment of any final dividend for the year ended 30 September 2022.

RESUMPTION OF TRADING

As a result of the delay in publication of the final results of the Group for the year ended 30 September 2022 (the “**Annual Results**”) and the requirements of Rule 13.50 of the Listing Rules, trading in the Company’s shares on the Stock Exchange has been suspended with effect from 9:00 am on 3 January 2023, pending the publication of this Annual Results. Application has been made by the Company to the Stock Exchange for the resumption of trading in the shares of the Company on the Stock Exchange with effect from 9:00 a.m. on 1 February 2023.

FINAL RESULTS

The board (the “**Board**”) of directors (the “**Directors**”) of Ri Ying Holdings Limited (the “**Company**”) announces the consolidated results of the Company and its subsidiaries (collectively the “**Group**”) for the year ended 30 September 2022, together with the comparative figures for the year ended 30 September 2021.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 September 2022

	Note	2022 HK\$'000	2021 HK\$'000
Revenue	4	110,309	223,076
Cost of sales		<u>(197,326)</u>	<u>(202,198)</u>
Gross (loss)/profit		(87,017)	20,878
Other income, gains and losses	4	5,521	2,582
Administrative and other operating expenses		(53,977)	(43,162)
Net impairment losses on financial assets and contract assets		<u>(3,323)</u>	<u>(4,805)</u>
Operating loss		(138,796)	(24,507)
Finance costs		<u>(296)</u>	<u>(346)</u>
Loss before tax	5	(139,092)	(24,853)
Income tax credit	6	<u>138</u>	<u>1,000</u>
Loss for the year		(138,954)	(23,853)
Other comprehensive income/(expense)			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange difference arising on translation of foreign operations		<u>1,219</u>	<u>(104)</u>
Total comprehensive expense for the year		<u><u>(137,735)</u></u>	<u><u>(23,957)</u></u>
Loss for the year attributable to:			
Owners of the Company		(135,787)	(21,274)
Non-controlling interests		<u>(3,167)</u>	<u>(2,579)</u>
		<u><u>(138,954)</u></u>	<u><u>(23,853)</u></u>
Total comprehensive expense attributable to:			
Owners of the Company		(134,970)	(21,354)
Non-controlling interests		<u>(2,765)</u>	<u>(2,603)</u>
		<u><u>(137,735)</u></u>	<u><u>(23,957)</u></u>
Basic and diluted loss per share (HK cents)	7	<u><u>(16.97)</u></u>	<u><u>(2.66)</u></u>

Details of dividends, if any, are disclosed in Note 8 to the announcement.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2022

	<i>Note</i>	2022 HK\$'000	2021 <i>HK\$'000</i>
ASSETS			
Non-current assets			
Property, plant and equipment		5,021	6,484
Right-of-use assets		6,861	6,205
Goodwill		6,383	–
		18,265	12,689
Current assets			
Inventory		2,222	722
Trade and other receivables	9	51,530	127,800
Contract assets		23,090	97,234
Financial assets at fair value through profit or loss		4,152	4,766
Amount due from a director		–	1
Amounts due from related parties		852	1,452
Bank deposits, balances and cash		49,020	105,911
		130,866	337,886
Total assets		149,131	350,575
EQUITY			
Capital and reserves			
Share capital	10	8,000	8,000
Share premium and reserves		39,236	174,206
Equity attributable to owners of the Company		47,236	182,206
Non-controlling interests		(5,503)	(2,738)
Total equity		41,733	179,468

	<i>Note</i>	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
LIABILITIES			
Non-current liabilities			
Lease liabilities		<u>3,694</u>	<u>193</u>
		<u>3,694</u>	<u>193</u>
Current liabilities			
Trade and other payables	<i>11</i>	92,789	159,173
Contract liabilities		2,526	6,559
Lease liabilities		2,429	3,838
Amount due to a non-controlling interest of a subsidiary		5,902	1,281
Income tax payable		<u>58</u>	<u>63</u>
		<u>103,704</u>	<u>170,914</u>
Total liabilities		<u>107,398</u>	<u>171,107</u>
Total equity and liabilities		<u>149,131</u>	<u>350,575</u>
Net current assets		<u>27,162</u>	<u>166,972</u>
Total assets less current liabilities		<u>45,427</u>	<u>179,661</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 September 2022

1 GENERAL INFORMATION

The Company is an investment holding company. The Group is principally engaged in provision of foundation works and site formation works, general building works and associated services, other construction works, construction related consultancy services and health management and consultancy business.

The Company was incorporated in the Cayman Islands on 3 January 2018 as an exempted company with limited liability under the Companies Act of the Cayman Islands. The shares of the Company have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 16 October 2018 (the “**Listing Date**”).

The address of the Company’s registered office is Windward 3, Regatta Office Park, PO Box 1350, Grand Cayman, KY1-1108, Cayman Islands and the Company’s principal place of business is 6/F, Kai Tak Commercial Building, Nos. 317-319 Des Voeux Road Central, Sheung Wan, Hong Kong.

Its parent and ultimate holding company is Elite Bright Developments Limited, a company incorporated in the British Virgin Islands and wholly-owned by Dr. Lau Chi Wang, Mr. Lau Chi Ming and Dr. Lau Chi Keung, the controlling shareholders of the Company.

The consolidated financial statements are presented in Hong Kong dollars (“**HK\$**”), unless otherwise stated.

2 BASIS OF PREPARATION

The consolidated financial statements of the Company and its subsidiaries have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”) and by the Hong Kong Companies Ordinance. The consolidated financial statements have been prepared under the historical cost convention, except for financial instruments that are measured at fair values.

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

3 APPLICATION OF AMENDMENTS TO HKFRSs

Amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group applied the “Amendments to References to the Conceptual Framework in HKFRSs” and 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 October 2021 for the preparation of the consolidated financial statements:

Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2
Amendments to HKFRS 16	COVID-19-Related Rent Concessions beyond 30 June 2021

The application of “Amendments to References to the Conceptual Framework in HKFRSs” and the amendments to HKFRSs in the current year has had no material impact on the Group’s consolidated financial position and consolidated financial performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

New and amendments to HKFRSs in issue but not yet effective

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

HKFRS 17	Insurance Contracts and the related Amendments ¹
Amendment to HKFRS 3	Reference to the Conceptual Framework 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 16	Lease liability in a Sale and Leaseback ⁴
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) ⁴
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies ¹
Amendments to HKAS 8	Definition of Accounting Estimates ¹
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction ¹
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use ²
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract ²
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018 – 2020 ²

¹ Effective for annual periods beginning on or after 1 January 2023.

² Effective for annual periods beginning on or after 1 January 2022.

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 2024.

The Directors anticipate that the application of all other new and amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

4 REVENUE, OTHER INCOME, GAINS AND LOSSES AND SEGMENT INFORMATION

Revenue and other income, gains and losses recognised during the years are as follows:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Revenue		
Foundation and site formation works	89,189	70,441
General building works and associated services	(40,290)	70,578
Other construction works	39,595	56,916
Construction related consultancy services	7,509	10,750
Sales of health products	14,306	14,391
	<u>110,309</u>	<u>223,076</u>
Other income, gains and losses		
Bank interest income	25	178
Loss on disposal of property, plant and equipment	–	(27)
Gain on lease termination	–	45
Dividend income from financial assets at fair value through profit or loss	357	186
Fair value change on financial assets at fair value through profit or loss	(614)	(390)
Insurance claims	–	555
Agency commission income	2,872	274
Government grant (<i>Note</i>)	653	1,036
Rental income	423	207
Others	1,805	518
	<u>5,521</u>	<u>2,582</u>

Note:

The amount mainly represents Employment Support Scheme under the Anti-epidemic Fund of The Government of the Hong Kong Special Administrative Region. The Group had to commit to spending the assistance on payroll expenses, and not reduce employee head count below prescribed levels for a specified period of time. The Group did not have any unfulfilled conditions relating to the grant during the year.

As disclosed in Note 12, the Group has by a letter dated 18 January 2023 referred the disputes under the Contracts (as defined in Note 12) to mediation. The Group has recognised revenue from the Contracts in accordance with its revenue recognition accounting policies which amounted to approximately HK\$357,061,000 up until 30 September 2021, including revenue of approximately HK\$54,503,000 recognised in the financial year ended 30 September 2021. As the eventual outcome of the disputes for the Group cannot be fully assessed as at the date of approval of the consolidated financial statements, the Group has updated its measure of progress as at 30 September 2022 towards complete satisfaction of its performance obligations satisfied over time under the Contracts to reflect the matters of the disputes which arose during the current reporting period. Consequently, included in arriving at revenue of the Group for the year ended 30 September 2022 is a deduction of an amount of approximately HK\$59,221,000 to reflect the reduced amount of value of work done to-date under the Contracts of approximately HK\$297,840,000 certified by the School under the interim payment certificate with valuation date 9 December 2022 whereby the School had significantly reduced the amount certified by the School in previous interim payment certificates, despite the fact that the Group disputes such reduction in the certified amount. In accordance with the requirements of HKFRS 15, the change to the Group's measure

of progress as at 30 September 2022 towards complete satisfaction of its performance obligations under the Contracts is accounted for as a change in accounting estimate.

Segment information

Operating segments are identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker (the “CODM”), being the executive Directors, in order for the CODM to allocate resources and to assess performance. No operating segments identified by the CODM have been aggregated in arriving at the reportable segments of the Group.

Specifically, the Group’s reportable and operating segments are as follows:

- Foundation and site formation works;
- General building works and associated services;
- Other construction works;
- Construction related consultancy services; and
- Health management and consultancy business (including sales of health products and health management software development).

The CODM makes decisions according to the operating results of each segment. No analysis of segment asset and segment liability is presented as the CODM does not regularly review such information for the purposes of resources allocation and performance assessment. Therefore, only segment revenue and segment results are presented.

Segment revenue and results

	Foundation and site formation works <i>HK\$'000</i>	General building works and associated services <i>HK\$'000</i>	Other construction works <i>HK\$'000</i>	Construction related consultancy services <i>HK\$'000</i>	Health management and consultancy business <i>HK\$'000</i>	Total <i>HK\$'000</i>
Year ended 30 September 2022						
Segment revenue	<u>89,189</u>	<u>(40,290)</u>	<u>39,595</u>	<u>7,509</u>	<u>14,306</u>	<u>110,309</u>
Segment results	<u>7,842</u>	<u>(109,369)</u>	<u>2,827</u>	<u>(676)</u>	<u>12,359</u>	<u>(87,017)</u>
Other income, gains and losses						5,521
Administrative and other operating expenses						(53,977)
Net impairment losses on financial assets and contract assets						(3,323)
Finance costs						<u>(296)</u>
Loss before tax						<u>(139,092)</u>

	Foundation and site formation works <i>HK\$'000</i>	General building works and associated services <i>HK\$'000</i>	Other construction works <i>HK\$'000</i>	Construction related consultancy services <i>HK\$'000</i>	Health management and consultancy business <i>HK\$'000</i>	Total <i>HK\$'000</i>
Year ended 30 September 2021						
Segment revenue	<u>70,441</u>	<u>70,578</u>	<u>56,916</u>	<u>10,750</u>	<u>14,391</u>	<u>223,076</u>
Segment results	<u>4,496</u>	<u>(1,134)</u>	<u>6,344</u>	<u>3,171</u>	<u>8,001</u>	20,878
Other income, gains and losses						2,582
Administrative and other operating expenses						(43,162)
Net impairment losses on financial assets and contract assets						(4,805)
Finance costs						<u>(346)</u>
Loss before tax						<u>(24,853)</u>

Geographical information

Information about the Group's revenue from external customers presented based on location of operation is as follows:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
The People's Republic of China (the "PRC")	14,306	14,391
Hong Kong	<u>96,003</u>	<u>208,685</u>
	<u>110,309</u>	<u>223,076</u>

Information about the Group's non-current assets (excluding deferred tax assets) is presented based on the geographical location of the assets is as follow:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
PRC	9,862	6,655
Hong Kong	<u>8,403</u>	<u>6,034</u>
	<u>18,265</u>	<u>12,689</u>

Information about major customers

Revenue from customers contributing over 10% of the total revenue of the Group are as follows:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Customer A ²	51,126	48,439
Customer B ^{1 and 2}	N/A ³	54,503
Customer C ^{3 and 4}	N/A ³	27,521
	<u>51,126</u>	<u>27,521</u>

¹ Revenue from general building works and associated services.

² Revenue from foundation and site formation works.

³ The corresponding revenue did not contribute over 10% of the total revenue of the Group.

⁴ Revenue from other construction works.

5 LOSS BEFORE TAX

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Loss before tax has been arrived at after charging:		
Depreciation of property, plant and equipment	2,658	1,634
Depreciation of right-of-use assets	5,954	6,141
Short-term lease expenses	512	423
Auditors' remuneration	1,100	980
Employee benefit expenses, including Directors' emoluments	30,551	30,136
Net impairment losses on financial assets and contract assets	3,323	4,805
Research and development cost (including employee benefit expenses amounted approximately HK\$371,000)	1,749	–
	<u>1,749</u>	<u>–</u>

Included in cost of sales for the year ended 30 September 2022 is approximately HK\$47,822,000 of contract costs incurred by the Group in the year which related directly to the Contracts (as defined in Note 12). In view of the fact that the eventual outcome of the Disputes for the Group cannot be fully assessed as at the date of approval of the consolidated financial statements, the Directors have determined to recognise these contract costs as expense in consolidated profit or loss for the year ended 30 September 2022 instead of carrying them forward as contract cost assets.

6 INCOME TAX CREDIT

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Hong Kong Profits Tax:		
– Overprovision in prior years	(156)	(604)
PRC Enterprise Income Tax:		
– Current income tax	18	–
Deferred income tax	–	(396)
	<u>–</u>	<u>(396)</u>
Income tax credit	<u>(138)</u>	<u>(1,000)</u>

7 LOSS PER SHARE

	2022	2021
Loss attributable to owners of the Company (HK\$'000)	<u>(135,787)</u>	<u>(21,274)</u>
Weighted average number of ordinary shares for the purpose of calculating basic loss per share (in thousand)	<u>800,000</u>	<u>800,000</u>
Basic loss per share (HK cents)	<u>(16.97)</u>	<u>(2.66)</u>

For the years ended 30 September 2022 and 2021, the calculation of the basic loss per share attributable to owners of the Company was based on (i) the loss for the year attributable to owners of the Company; and (ii) the weighted average number of ordinary shares in issue during the year.

The diluted loss per share is equal to the basic loss per share as there were no potential ordinary share in issue during the years ended 30 September 2022 and 2021.

8 DIVIDENDS

The Board does not recommend the payment of a final dividend for the years ended 30 September 2022 and 2021.

9 TRADE AND OTHER RECEIVABLES

	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
Trade receivables	13,417	20,760
Less: provision for impairment losses	<u>(3,040)</u>	<u>(3,228)</u>
	10,377	17,532
Other receivables, deposits and prepayments	41,293	111,340
Less: provision for impairment losses	<u>(140)</u>	<u>(1,072)</u>
	<u>41,153</u>	<u>110,268</u>
	<u>51,530</u>	<u>127,800</u>

Notes:

- (a) The Group does not have a standardised and universal credit period granted to its customers, and the credit period of individual customer is considered on 30 days and stipulated in the contract, as appropriate.
- (b) The ageing analysis of the trade receivables (net of impairment losses) based on payment certificate date or invoice date is as follows:

	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
0–30 days	4,947	10,052
31–60 days	2,318	3,534
61–90 days	1,420	714
Over 90 days	1,692	3,232
	10,377	17,532

10 SHARE CAPITAL

	Number of shares	Share capital
	<i>'000</i>	<i>HK\$'000</i>
Ordinary shares of HK\$0.01 each		
Authorised:		
As at 1 October 2020, 30 September 2021, 1 October 2021 and 30 September 2022	2,000,000	20,000
Issued and fully paid:		
As at 1 October 2020, 30 September 2021, 1 October 2021 and 30 September 2022	800,000	8,000

11 TRADE AND OTHER PAYABLES

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Trade payables	4,876	9,578
Retention payables	25,790	28,975
Accruals and other payables	62,123	120,620
	<u>92,789</u>	<u>159,173</u>

Note:

(a) The ageing analysis of trade payables based on the invoice date is as follows:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
0 – 30 days	2,630	7,999
31 – 60 days	270	409
61 – 90 days	4	73
Over 90 days	1,972	1,097
	<u>4,876</u>	<u>9,578</u>

12 MEDIATION

As disclosed in the announcement dated 20 January 2023, Fong On Construction Limited (“**Fong On**”), an indirect wholly-owned subsidiary of the Company, is involved in certain disputes (the “**Disputes**”) in connection to payments owed to Fong On as main contractor for carrying out certain design and construction works for a school in Hong Kong (the “**School**”). Fong On contends, among other things, that the School has failed and/or refused to pay Fong On in accordance with the payment terms agreed and has undervalued the works carried out (including variation works) by Fong On pursuant to the relevant contracts (the “**Contracts**”). The Group has recognised revenue from the Contracts in accordance with its revenue recognition accounting policies which amounted to approximately HK\$357,061,000 up until 30 September 2021, including revenue of approximately HK\$54,503,000 recognised in the financial year ended 30 September 2021. During the current financial year ended 30 September 2022, the School failed to make payment for an interim payment certificate issued by the School during the year and subsequent to the end of the financial year, the School issued a further interim payment certificate with valuation date 9 December 2022 whereby the School significantly reduced the amount already certified by the School in previous interim payment certificates. Fong On by a letter dated 18 January 2023 requested the Disputes to be referred to mediation in accordance with the terms agreed pursuant to the Contracts.

Up to the date of approval for issuance of the consolidated financial statements, the Group has not received a response from the School in relation to the aforementioned mediation request and the Disputes have not been referred to arbitration proceedings. The Directors have fully considered all the relevant facts and circumstances, including the nature of the claims, costs of mediation and potential impact on the consolidated financial statements and engaged an external lawyer to consider and assess the strategies and defenses. The eventual outcome of the Disputes for the Group cannot be assessed at this stage.

Further announcement(s) will be made by the Company to keep its shareholders and potential investors informed of any material development regarding the Disputes as and when appropriate.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group is a construction contractor in Hong Kong principally providing (i) foundation and site formation works, which mainly include piling works, excavation and lateral support (ELS) works, pile cap construction and ground investigation works; (ii) general building works and associated services, which mainly include development of superstructures, alteration and addition works; and (iii) other construction works, which mainly include slope works and demolition works. The Group is able to undertake construction works as either a main contractor or a subcontractor. Apart from construction works, the Group also provides construction related consultancy services including engineering consulting on construction designs and works supervision, and construction contract administration services.

As at 30 September 2022, the Group had 25 construction projects on hand (including projects in progress and projects that are yet to commence) (2021: 37 construction projects on hand) with a total contract value of approximately HK\$798.0 million (2021: approximately HK\$742.1 million), out of which approximately HK\$561.8 million has been recognised as revenue up to 30 September 2022. The details of the Group's projects on hand as at 30 September 2022 are as follows:

Number	Project awarded	Actual/ expected commencement date	Actual/ expected completion date
1	Redevelopment of a school in Kowloon	July 2016	October 2022
2	Foundation, excavation and lateral support (“ELS”) and pile cap works for a commercial building in Sheung Wan	June 2018	June 2023
3	Slope improvement work for a university in Shatin	June 2020	November 2022
4	Land slip prevention and mitigation works in various locations in Hong Kong	July 2020	June 2023
5	Foundation and ELS works for the redevelopment of a office building in Central	August 2020	January 2023
6	Slope works at Kwu Tung North New Development Areas	October 2020	December 2022
7	Foundation works for schools in Ho Man Tin and Sai Ying Pun	November 2020	June 2023
8	Construction of soldier piles, site formation and infrastructure works for the public housing development in Yuen Long	May 2021	June 2023
9	Construction work of a church in Tuen Mun	July 2021	December 2022
10	Slope remedial works for dangerous hillside in Ho Man Tin	November 2021	September 2023

Number	Project awarded	Actual/ expected commencement date	Actual/ expected completion date
11	Retaining walls upgrading works of a residential estate at Mid Level	December 2021	December 2022
12	Re-construction work for a building in Jordan	December 2021	July 2023
13	Replace fibre-glass works at a university in Shatin	April 2022	November 2022
14	Site formation and infrastructure works for road improvement project in Tseung Kwan O	May 2022	January 2026
15	Slope upgrading works in Sai Kung	July 2022	September 2023
16	Ground investigation works for Government land in Yuen Long	August 2022	October 2022
17	Alternation & Addition Works of new signage and LED wall footing for a university in Shatin	August 2022	November 2022
18	Ground investigation works for proposed multi-recreation centre in Discovery Bay	August 2022	December 2022
19	Ground investigation works for redevelopment of the residential in Ho Man Tin	August 2022	April 2023
20	Construction of an education centre in Siu Sai Wan	August 2022	September 2023
21	Foundation works for composite development in Cheung Sha Wan	August 2022	December 2023
22	Slope and retaining walls maintenance works for the residential building in Lam Tin	September 2022	December 2022
23	Ground investigation works for redevelopment of the residential building in Ho Man Tin	September 2022	December 2022
24	Rock slope inspection and strengthening remedial works at the Peak	September 2022	January 2023
25	Defence measures works that resists and/or contain landslide debris and/or boulders from natural hillsides from reaching buildings and facilities in Tai Po	September 2022	September 2023

Apart from undertaking construction works in Hong Kong, the Group also operates health management and consultancy business in the PRC primarily through the sales of health products on a wholesale basis. In the initial stage of the health management and consultancy business, the Group sourced health products from suppliers under third-party brands, mainly including female hygiene products for female customers in the PRC. In view of the growing ageing population in the PRC, the improvement of public health awareness and the recurrent outbreak of the novel coronavirus (COVID-19) (the “**Epidemic**”), the Group marketed health products under its own brands for customers in the middle age or older demographic in the PRC, which include Ginseng and related products developed and produced via cooperation with biotechnology and pharmaceutical companies in the PRC. During the year ended 30 September 2022, the Group has also launched and started to sell the health intelligent robots which allow users to conduct certain basic health check-ups and seek medical and health consultation via the internet. The revenue generated from the Group’s health management and consultancy business remained relatively stable at approximately HK\$14.4 million and HK\$14.3 million for the years end 30 September 2021 and 2022, respectively.

OUTLOOK

The Directors are of the view that the general outlook of the construction industry and the business environment in which the Group operates will remain challenging. Although the economy of Hong Kong is showing signs of gradual recovery with the relaxation of COVID-19 restrictions, the Epidemic may continue to affect the construction industry as well as the operation of the Group. Besides, the rapid increase in interest rates as induced by the US Fed and the Russo-Ukrainian conflict have also dampened the global economy. In light of the uncertain business environment, the Group will continue to adopt prudent financial management and cost control. Furthermore, the Group will continue to obtain additional qualifications and strengthen its financial resources to better position itself for tendering suitable projects in the public sector as a main contractor, and invest in the manpower and information system to enhance its operational capacity and efficiency. For the Group’s health management and consultancy business, it will strive to capture the growth opportunities in order to meet the market demand brought about by the Epidemic as well as the improvement of health awareness of individuals in the PRC. Meanwhile, the Group will continue to explore suitable business and investment opportunities to drive its business growth.

FINANCIAL REVIEW

Revenue

The Group's revenue decreased by approximately HK\$112.8 million, or 50.6%, from approximately HK\$223.1 million for the year ended 30 September 2021 to approximately HK\$110.3 million for the year ended 30 September 2022. The following table sets out a breakdown of the Group's revenue during the years ended 30 September 2022 and 2021 by segments:

	Year ended 30 September			
	2022		2021	
	<i>HK\$'000</i>	<i>%</i>	<i>HK\$'000</i>	<i>%</i>
Foundation and site formation works	89,189	80.8	70,441	31.6
General building works and associated services	(40,290)	(36.5)	70,578	31.6
Other construction works	39,595	35.9	56,916	25.5
Construction related consultancy services	7,509	6.8	10,750	4.8
Health management and consultancy business	14,306	13.0	14,391	6.5
Total	<u>110,309</u>	<u>100.0</u>	<u>223,076</u>	<u>100.0</u>

The decrease in the Group's revenue was primarily driven by (i) the negative revenue as contributed from general building works and associated services as a result of the deduction of revenue for a redevelopment project of a school which is under disputes over the certification of works performed; and (ii) the decrease in number of projects undertaken by the Group for other construction works and construction related consultancy services during the year ended 30 September 2022. The decrease was partially offset by the increase in revenue contributed from foundation and site formation works as a result of the commencement of new projects during the year.

Cost of sales

Cost of sales decreased by approximately HK\$4.9 million, or 2.4%, from approximately HK\$202.2 million for the year ended 30 September 2021 to approximately HK\$197.3 million for the year ended 30 September 2022. Such decrease was mainly driven by the decrease in revenue.

Gross (loss)/profit and gross (loss)/profit margin

The Group incurred gross loss of approximately HK\$87.0 million for the year ended 30 September 2022 as compared with the gross profit of approximately HK\$20.9 million for the year ended 30 September 2021. The Group also recorded a gross loss margin of approximately 78.9% for the year ended 30 September 2022 as compared with the gross profit margin of 9.4% for the year ended 30 September 2021.

The Group recorded a significant gross loss for general building works and associated services during the year ended 30 September 2022 (2021: gross loss margin of approximately 1.6%). Such loss was primarily due to the disputes over the certification of works performed for the redevelopment project of a school. The Group also recorded a decrease in gross margin for construction related consultancy services (2021: gross profit margin of approximately 29.5%; 2022: gross loss margin of approximately 9.0%) and other construction works (2021: approximately 11.1%; 2022: approximately 7.1%), mainly due to (i) the decline in revenue for construction related consultancy services which was unable to cover the fixed operating costs; and (ii) the undertaking of certain lower gross profit margin projects for other construction works during the year. The gross margin was improved by the increase in gross profit margin for foundation and site formation works (2021: approximately 6.4%; 2022: approximately 8.8%) following the commencement of new projects with relatively higher margin during the year ended 30 September 2022. Furthermore, the Group's gross profit margin for health management and consultancy business increased as compared to the same period in 2021 (2021: approximately 55.6%; 2022: approximately 86.4%) which was driven by the launch of the health intelligent robots and lower costs incurred for the Group's sales.

Other income, gains and losses

The other income, gains and losses increased by approximately HK\$2.9 million, or 113.8% from approximately HK\$2.6 million for the year ended 30 September 2021 to approximately HK\$5.5 million for the year ended 30 September 2022, primarily due to the increase in agency commission income during the year ended 30 September 2022.

Administrative and other operating expenses

The administrative and other operating expenses increased by approximately HK\$10.8 million, or 25.1%, from approximately HK\$43.2 million for the year ended 30 September 2021 to approximately HK\$54.0 million for the year ended 30 September 2022. Such increase was mainly contributed by the increase in staff costs as a result of the increase in the number of administrative staff and the increase in operating expenses for expansion of the Group's business in the PRC during the year ended 30 September 2022.

Income tax credit

The Group's income tax credit decreased from approximately HK\$1.0 million for the year ended 30 September 2021 to approximately HK\$0.1 million for the year ended 30 September 2022 as a result of the decrease in reversal for provision of income tax expense provided in previous years.

Loss for the year

As a result of the foregoing, for the year ended 30 September 2022, the net loss increased by approximately HK\$115.1 million from approximately HK\$23.9 million for the year ended 30 September 2021 to approximately HK\$139.0 million for the year ended 30 September 2022.

Contract assets

The Group's contract assets mainly included the Group's right to consideration for work performed but not yet billed (the "**Unbilled Revenue**") as well as the retention receivable as withheld by customers for contract works. The Group's contract assets decreased significantly from approximately HK\$97.2 million as at 30 September 2021 to approximately HK\$23.1 million as at 30 September 2022. The carrying amount of contract assets was significantly reduced primarily due to the cumulative adjustments to revenue for the redevelopment project of a school which is under disputes over the certification of works performed. The Group have engaged an independent professional valuer to estimate the expected credit losses for contract assets and the simplified approach have been adopted under HKFRS 9. The management of the Group reviews the recoverable amount of each individual debt at the end of each reporting period to ensure that adequate provisions for impairment losses are made for irrecoverable amounts on contract assets. In this regard, the management of the Group considers that the credit risk on contract assets is significantly reduced. The Group considers available reasonable and supportive forward-looking information. Based on such assessment, the Group's management considers the expected credit loss allowance on the contract assets is adequately provided as at 30 September 2022. As at the date of this announcement, approximately 82.0% and 20.3% of the Unbilled Revenue and the retention receivables as included in the Group's contract assets have been subsequently settled, respectively.

Other receivables, deposits and prepayments

The following table sets forth the breakdown of other receivables, deposits and prepayments as at 30 September 2022 and 2021:

	As at 30 September 2022 HK\$'000	As at 30 September 2021 HK\$'000
Other receivables	9,940	39,521
Deposits	1,880	11,041
Prepayments	29,473	60,778
	41,293	111,340
Less: provision for impairment losses	(140)	(1,072)
	41,153	110,268

The Group's other receivables, deposits and prepayments decreased from approximately HK\$110.3 million as at 30 September 2021 to approximately HK\$41.2 million as at 30 September 2022. Such decrease was mainly due to (i) the decrease in other receivables as a result of the settlement from customers for goods delivered in relation to the agency commission income; (ii) the decrease in deposit for engagement of the subcontractor for construction projects as a result of the decrease in number of projects undertaken during the year; and (iii) the decrease in prepayment to suppliers upon the delivery of goods to customers in relation to the agency commission income. As at the date of this announcement, approximately 62.5% of the Group's other receivables, deposits and prepayments as at 30 September 2022 have been subsequently settled/utilised.

Accruals and other payables

The following table sets forth the breakdown of accruals and other payables as at 30 September 2022 and 2021:

	As at 30 September 2022 HK\$'000	As at 30 September 2021 HK\$'000
Accruals	6,548	17,729
Other payables	55,575	102,891
	62,123	120,620

The Group's accruals and other payables decreased from approximately HK\$120.6 million as at 30 September 2021 to approximately HK\$62.1 million as at 30 September 2022. Such decrease was mainly due to (i) the decrease in accrued expenses for construction projects as a result of the decrease in number of projects undertaken during the year; and (ii) the decrease in receipts in advance from customers in relation to the agency commission income upon the delivery of goods.

CAPITAL STRUCTURE, LIQUIDITY AND FINANCIAL RESOURCES

The Company's shares were successfully listed on the Main Board of the Stock Exchange on 16 October 2018 (the "Listing"). 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's operation and investments were financed principally by cash generated from its business operations and equity contribution from the shareholders.

As at 30 September 2022, the Group had net current assets of approximately HK\$27.2 million (2021: approximately HK\$167.0 million) and bank deposits, balances and cash of approximately HK\$49.0 million (2021: approximately HK\$105.9 million), which were denominated in Hong Kong dollars, Renminbi and United States dollars.

As at 30 September 2022, the Group's total equity attributable to owners of the Company amounted to approximately HK\$47.2 million (2021: approximately HK\$182.2 million), and the Group's total debt comprising lease liabilities amounted to approximately HK\$6.1 million (2021: approximately HK\$4.0 million). The Directors have confirmed that the Group will have sufficient financial resources to meet its obligations as they fall due in the foreseeable future.

GEARING RATIO

As at 30 September 2022, the gearing ratio of the Group, which is calculated as the total debt (comprising lease liabilities) divided by total equity, was approximately 14.7% (2021: approximately 2.2%).

DIVIDENDS

The Board did not recommend the payment of any final dividend for the year ended 30 September 2022 (2021: Nil).

COMMITMENTS

As at 30 September 2022, the Group did not have any capital commitments (2021: approximately HK\$2.0 million contracted but not provided for the acquisition of property, plant and equipment).

CONTINGENT LIABILITIES

As at 30 September 2022, certain customers of construction contracts undertaken by the Group require the Group to issue guarantee for the performance of contract works in the form of surety bonds of approximately HK\$25.3 million (2021: approximately HK\$16.0 million). The Company and the executive Directors have provided guarantee to the insurance companies to secure certain surety bonds. The surety bonds are expected to be released in accordance with the terms of the respective construction contracts.

REQUEST FOR MEDIATION

As disclosed in the announcement dated 20 January 2023, Fong On Construction Limited (“**Fong On**”), an indirect wholly-owned subsidiary of the Company, is involved in certain disputes in connection to payments owed to Fong On as main contractor for carrying out certain design and construction works for a school in Hong Kong (the “**School**”). Fong On contends, among other things, that the School has failed and/or refused to pay Fong On in accordance with the payment terms agreed and has undervalued the works carried out (including variation works) by Fong On pursuant to the relevant contracts (the “**Disputes**”). On 18 January 2023, Fong On has submitted a written notice to the School requesting the Disputes to be referred to mediation in accordance with and subject to The Government of the Hong Kong Special Administrative Region Construction Mediation Rules (the “**Request for Mediation**”). Up to the date of this announcement, as Fong On has not received a response from the School in relation to the Request for Mediation and the Disputes has not yet been referred to arbitration proceedings, the effects of the Disputes on the Group cannot be fully assessed at this moment. Further announcement(s) will be made by the Company to keep its shareholders and potential investors informed of any material development regarding the Disputes as and when appropriate.

INFORMATION ON EMPLOYEES

As at 30 September 2022, the Group had 158 employees (2021: 135 employees). The increase in the number of employees was mainly attributable to the expansion in the health management and consultancy business in the PRC.

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 training were provided to the employees.

For the year ended 30 September 2022, the total staff cost (including Directors' emoluments and mandatory provident funds contributions) amounted to approximately HK\$30.6 million (2021: approximately HK\$30.1 million).

COMPARISON OF BUSINESS OBJECTIVES WITH ACTUAL BUSINESS PROGRESS

The following is a comparison of the Group's business strategies as set out in the prospectus of the Company dated 28 September 2018 (the "Prospectus") with actual business progress up to 30 September 2022.

Business strategies as stated in the Prospectus	Implementation activities up to 30 September 2022 as stated in the Prospectus	Actual business progress up to 30 September 2022
Apply for additional licences	<ul style="list-style-type: none">– Acquire one set of bored piling machine; one set of rock-socket piling machine; two sets of mini-piling machines and four air compressors; and maintain newly acquired machinery to fulfill plant requirements of the licences– Acquire a piece of land for machinery storage	<p>The Group has acquired the bored piling machines, rock-socket piling machine and two air compressors.</p> <p>The Group was in the course of identifying suitable land for machinery storage. Due to the Group's specific requirements on the land premises and the property market condition of Hong Kong, the Group has taken more time to identify suitable land.</p>

Business strategies as stated in the Prospectus	Implementation activities up to 30 September 2022 as stated in the Prospectus	Actual business progress up to 30 September 2022
		<p>As the Group is in the course of obtaining sufficient track record in undertaking relevant construction projects as required for the application of relevant licenses, the Group has delayed the expected time for acquiring machinery and the land premises for the storage of machinery. The Group has strived to tender suitable construction projects in order to fulfil the application requirement for the license.</p>
	<ul style="list-style-type: none"> – Increase the employed capital of Po Shing Construction Limited and Fong On Construction Limited 	<p>The Group has increased the employed capital of both subsidiaries.</p>
Fund the initial costs of the Group’s construction projects	<ul style="list-style-type: none"> – Finance the working capital requirement and upfront costs for the three of the Group’s projects 	<p>The funding costs for (i) the redevelopment of an outdoor activities centre at Stanley; (ii) the redevelopment at Sheung Wan; and (iii) the alterations and additions works for commercial building at North Point were fully utilised.</p>
Strengthening the Group’s manpower	<ul style="list-style-type: none"> – Recruit two project managers, two project engineers, two quantity surveyors, one safety officer, two site foremen and one mechanical fitter 	<p>The Group has recruited one project manager, two project engineers, two quantity surveyors and two foremen. Due to the prolonged outbreak of the Epidemic and the unstable economic environment, no large scale construction projects is obtained which required additional manpower for undertaking the projects. The Group will tender for large scale construction projects and will continue to identify suitable candidate for the remaining vacancy.</p>
	<ul style="list-style-type: none"> – Retain talents as recruited for this business strategy 	<p>The Group has utilised the proceeds for retaining the above newly recruited staffs to facilitate the business development.</p>

Business strategies as stated in the Prospectus	Implementation activities up to 30 September 2022 as stated in the Prospectus	Actual business progress up to 30 September 2022
Investment in the new information system	<ul style="list-style-type: none"> <li data-bbox="411 246 930 325">– Upgrade the existing hardware and acquire new computer facilities <li data-bbox="411 374 930 651">– Upgrade the accounting system to enhance documentation and manual procedures and upgrade the human resources management system to consolidate and automate attendance, payrolls and retirement fund contribution <li data-bbox="411 821 930 1138">– Upgrade the engineering and design system to facilitate the planning, designing, and managing of construction projects through automatic generation of drawings and reports, design analysis, schedule simulation and facilities management 	<p data-bbox="959 246 1522 325">The Group has upgraded existing hardware and acquired new computer facilities.</p> <p data-bbox="959 374 1522 772">The Group has upgraded the accounting system to enhance documentation. As no human resources management system suitable for the Group’s business size and structure is identified, the expected time for the upgrade of the human resources management system is delayed. The Group has continued to approach different service providers to search for suitable human resources management system for the Group.</p> <p data-bbox="959 821 1522 900">The Group has upgraded engineering and design system.</p>

USE OF PROCEEDS FROM THE SHARE OFFER

The net proceeds from the Listing, after deduction of the underwriting commission and actual expenses paid by the Group in connection thereto, were approximately HK\$86.6 million. After the Listing, a part of these proceeds have been applied for the purposes in accordance with the future plans and use of proceeds as set out in the Prospectus.

The below table sets out the proposed and actual applications of the net proceeds from the Listing Date to 30 September 2022:

	Planned use of proceeds up to 30 September 2022 <i>HK\$ million</i>	Actual use of proceeds from the Listing Date to 30 September 2022 <i>HK\$ million</i>	Unutilised net proceeds brought forward as at 1 October 2021 <i>HK\$ million</i>	Net proceeds utilised during the year ended 30 September 2022 <i>HK\$ million</i>	Unutilised net proceeds as at 30 September 2022 <i>HK\$ million</i>	Expected timeline for utilising the unutilised net proceeds
Apply for additional licences	39.5	9.2	33.2	2.9	30.3	30 September 2023
Fund the initial costs of the Group's construction projects	21.8	21.8	–	–	–	N/A
Strengthening the Group's manpower	13.9	9.6	6.5	2.2	4.3	30 September 2023
Investment in the new information system	2.7	1.7	1.5	0.5	1.0	30 September 2023
General working capital	8.7	8.7	–	–	–	N/A
	<u>86.6</u>	<u>51.0</u>	<u>41.2</u>	<u>5.6</u>	<u>35.6</u>	

During the year ended 30 September 2022, the net proceeds from the Listing were utilised and expected to be utilised in the manners as disclosed in the Prospectus and there has been no change in the use of proceeds.

Up to 30 September 2022, approximately HK\$51.0 million out of net proceeds from the Listing had been used. The remaining unutilised net proceeds of approximately HK\$35.6 million were deposited in licensed banks in Hong Kong. The Company intends to apply the net proceeds in the manner as stated in the Prospectus. However, due to the unstable economic environment under the prolonged outbreak of COVID-19, the Group will utilise the remaining balance in a conservative manner. The Directors will constantly evaluate the Group's business objectives and specific needs from time to time. Further announcement will be made if there are any changes on the use of proceeds as and when appropriate. Such amounts are expected to be fully utilised on or before 30 September 2023.

The business objectives, future plans and planned use of proceeds as stated in 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.

TREASURY POLICY

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

CHARGE ON GROUP ASSETS

As at 30 September 2022, the Group has pledged certain motor vehicles with net book value amounted to approximately HK\$0.7 million (2021: certain motor vehicles with net book value amounted to approximately HK\$0.3 million) under non-cancellable lease agreements.

As at 30 September 2022, the Group paid a cash collateral of approximately HK\$5.1 million (2021: approximately HK\$4.2 million) to the insurance companies for the issuance of surety bonds and are included in other receivables, deposits and prepayments.

FOREIGN EXCHANGE EXPOSURE

For the Group's operation in Hong Kong, the major revenue and expenses are denominated in Hong Kong dollars, while there are certain monetary assets and monetary liabilities that are denominated in Renminbi, which would expose the Group to foreign exchange risk. The Group currently does not have a foreign currency hedging policy. However, the management of the Company monitors foreign exchange exposure and will consider hedging significant foreign currency exposure when the need arises. For the Group's operation in the PRC, the major revenue and expenses are denominated in Renminbi.

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

During the year ended 30 September 2022, the Group did not have any significant investments, material acquisitions or disposals of subsidiaries, associates or joint ventures.

Save as disclosed in this announcement, the Group did not have other plans for material investments or acquisition of capital assets as at 30 September 2022.

CORPORATE GOVERNANCE PRACTICE

The Company has adopted the principles and code provisions set out in the Corporate Governance Code (the "CG Code") as set out in Appendix 14 of the Listing Rules. The Company has fully complied with the CG Code during the year ended 30 September 2022.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Companies (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 30 September 2022.

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 30 September 2022.

AUDIT COMMITTEE

The audit committee of the Company (the “**Audit Committee**”) was established on 17 September 2018. The chairman of the Audit Committee is Mr. Pang Ka Hang, the independent non-executive Director, and other members included Mr. Leung Bing Kwong Edward and Mr. Wong Chun Nam, 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 primary duties of the Audit Committee are mainly to review the financial information and reporting process, internal control procedures and risk management system, audit plan and relationship with external auditors and arrangements to enable employees of the Company to raise, in confidence, concerns about possible improprieties in financial reporting, internal control or other matters of the Company.

During the year ended 30 September 2022, the Audit Committee held two meetings to review and comment on the Company’s 2021 annual results and 2022 interim results as well as the Company’s internal control procedures and risk management systems.

The Audit Committee has reviewed the accounting principles and practices adopted by the Group and the consolidated financial statements for the year ended 30 September 2022. The final results announcement of the Group for the year ended 30 September 2022 has been reviewed by the Audit Committee.

SCOPE OF WORK OF HLB HODGSON IMPEY CHENG LIMITED

The figures in respect of the Group's consolidated statement of financial position as at 30 September 2022, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 30 September 2022 as set out in the preliminary announcement have been agreed by the Group's auditors, HLB Hodgson Impey Cheng Limited, to the amounts set out in the Group's audited consolidated financial statements for the year ended 30 September 2022. The work performed by HLB Hodgson Impey Cheng Limited 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 HLB Hodgson Impey Cheng Limited on the preliminary announcement.

EXTRACT OF INDEPENDENT AUDITOR'S REPORT

The following is the extract of the independent auditor's report from the external auditor of the Company:

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 30 September 2022, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with HKFRSs issued by HKICPA and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Emphasis of Matter

We draw attention to Notes 4, 5 and 12 of this announcement, which describe the effects in the consolidated financial statements of the disputes of the Group in relation to a construction contract entered into with a customer. Our opinion is not modified in respect of this matter.

APPRECIATION

Dr. Lau Chi Wang, the chairman of the Board, would like to express his sincerest gratitude to the shareholders, customers, suppliers and subcontractors for the continuous support. He would also like to send his warmest thanks to all the management and staff members of the Group for the hard work and dedication throughout the year.

RESUMPTION OF TRADING

As a result of the delay in publication of the Annual Results and the requirements of Rule 13.50 of the Listing Rules, trading in the Company's shares on the Stock Exchange has been suspended with effect from 9:00 am on 3 January 2023, pending the publication of this Annual Results. Application has been made by the Company to the Stock Exchange for the resumption of trading in the shares of the Company on the Stock Exchange with effect from 9:00 a.m. on 1 February 2023.

By order of the Board
Ri Ying Holdings Limited
Lau Chi Wang
Chairman and Executive Director

Hong Kong, 31 January 2023

As at the date of this announcement, the Board comprises Dr. Lau Chi Wang, Mr. Lau Chi Ming, Dr. Lau Chi Keung and Mr. Sun Wei as executive Directors; Mr. Leung Bing Kwong Edward, Mr. Pang Ka Hang and Mr. Wong Chun Nam as independent non-executive Directors.