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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)

SUPPLEMENTAL ANNOUNCEMENT

IN RELATION TO

ANNUAL REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2022

Reference is made to the annual report of Ri Ying Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) for the year ended 30 September 2022 published on 1 February 2023 (the “**Annual Report**”). Unless the context otherwise requires, capitalised terms used herein shall have the same meaning as those defined in the Annual Report.

In addition to the information provided in the Annual Report, the Company would like to provide the following supplemental information on the Disputes with the School in relation to the Contracts.

SUPPLEMENTAL INFORMATION ON THE DISPUTES WITH THE SCHOOL IN RELATION TO THE CONTRACTS

As disclosed in the Annual Report, Fong On, an indirect wholly-owned subsidiary of the Company, is involved in certain disputes with the School in connection to the Contracts. The Contracts has an original contract sum of HK\$290,985,499 including a provisional sum of HK\$16,500,000. As at 30 September 2021, the Group has recognised revenue of approximately HK\$357,061,000 from the Contracts, of which approximately HK\$302,558,000 was recognised based on the interim payment certificates issued by the School in previous years. The remaining amounts of approximately HK\$54,503,000 was recognised as revenue by the Group during the year ended 30 September 2021 (“**FY2021**”) based on the interim payment application applied to the School since no interim payment certificate was received by the Group for the work performed. Having considered the value of works was quantified by the Group’s surveyors and that no significant adjustments had been made to the value of works applied by the Group and certified by the School in the past, the Group believed that the amounts of revenue recognised for FY2021 based on the interim payment application represented the best estimate of the value of the work performed to the end of FY2021. The auditors of the Company expressed an unqualified opinion on the consolidated financial statements of the Company for FY2021.

However, the School has subsequently issued an interim payment certificate certifying an amount of approximately HK\$297,840,000 (the “**IPC**”) for the works performed by the Group with valuation date of 9 December 2022 and such amounts represent a significant reduction as compared with the previous interim payment certificates. As such, the Group has requested the Disputes to be referred to mediation due to the undervaluation and certification of the works performed. Given 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 for the year ended 30 September 2022 (“**FY2022**”), 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 FY2022. Consequently, a deduction of an amount of approximately HK\$59,221,000 was included in the Group’s revenue for FY2022 to reflect the reduced amount of value of work done from approximately HK\$357,061,000 recognised up to FY2021 to approximately HK\$297,840,000 as certified by the School under the IPC. In addition to the reduction of revenue, the carrying amount of the Group’s contract assets was reduced by approximately HK\$59,221,000 due to the cumulative catch-up adjustment to revenue for FY2022. Impairment loss of approximately HK\$5,282,000 was also recognised on the contract assets relating to the Contracts as at 30 September 2022 so as to fully write down the carrying amounts of the contract assets due from the School.

The above supplemental information does not affect other information contained in the Annual Report and save as disclosed above, all other information in the Annual Report remains unchanged. 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.

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

Hong Kong, 13 February 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.