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## **SHEUNG YUE GROUP HOLDINGS LIMITED**

**上諭集團控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 1633)**

### **ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2021**

The board (the “**Board**”) of directors (the “**Directors**”) of Sheung Yue Group Holdings Limited (the “**Company**”) is pleased to present the unaudited interim results of the Company and its subsidiaries (collectively the “**Group**”) for the six months ended 30 September 2021 (the “**Period**”), together with the comparative figures for the corresponding period in 2020.

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

*For the six months ended 30 September 2021*

		<b>Six months ended</b>	
		<b>30 September</b>	
		<b>2021</b>	2020
	<i>Notes</i>	<b>HK\$'000</b>	<b>HK\$'000</b>
		<b>(Unaudited)</b>	<b>(Unaudited)</b>
Revenue	5	<b>113,019</b>	125,466
Cost of services		<u><b>(97,032)</b></u>	<u>(133,313)</u>
Gross profit/(loss)		<b>15,987</b>	(7,847)
Other income	5	<b>2,170</b>	5,090
Other net gains and losses	5	<b>312</b>	(68)
Administrative expenses		<u><b>(12,131)</b></u>	<u>(12,347)</u>
Profit/(loss) from operation	6	<b>6,338</b>	(15,172)
Finance costs	7	<u><b>(948)</b></u>	<u>(312)</u>
Profit/(loss) before taxation		<b>5,390</b>	(15,484)
Income tax	8	<u><b>–</b></u>	<u>–</u>
Profit/(loss) and total comprehensive income/ (expense) for the period		<u><b>5,390</b></u>	<u>(15,484)</u>
		<b>HK cents</b>	<b>HK cents</b>
Earnings/(loss) per share	10		
– Basic and diluted		<u><b>0.79</b></u>	<u>(2.26)</u>

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

*As at 30 September 2021*

		As at <b>30 September 2021</b> <i>HK\$'000</i> (Unaudited)	As at 31 March 2021 <i>HK\$'000</i> (Audited)
<b>Non-current assets</b>			
Property, plant and equipment	11	<b>64,235</b>	55,634
Right-of-use assets	12	<b>16,670</b>	14,348
Financial asset at fair value through profit or loss	19	<b>2,676</b>	2,676
Rental deposit		<b>220</b>	220
Deposit paid for acquisition of property, plant and equipment		<b>1,692</b>	976
		<b>85,493</b>	73,854
		<b>85,493</b>	73,854
<b>Current assets</b>			
Inventories		<b>13,822</b>	4,286
Contract assets	13	<b>98,125</b>	103,028
Trade and other receivables	14	<b>50,197</b>	53,531
Pledged bank deposits	15	<b>11,238</b>	19,216
Cash and cash equivalents	15	<b>14,485</b>	21,780
		<b>187,867</b>	201,841
		<b>187,867</b>	201,841
<b>Current liabilities</b>			
Trade and other payables	17	<b>76,193</b>	87,995
Lease liabilities		<b>6,349</b>	5,336
Bank loans	16	<b>23,364</b>	19,459
		<b>105,906</b>	112,790
		<b>105,906</b>	112,790
<b>Net current assets</b>		<b>81,961</b>	89,051
<b>Total assets less current liabilities</b>		<b>167,454</b>	162,905

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

*As at 30 September 2021*

		As at <b>30 September 2021</b> <i>HK\$'000</i> (Unaudited)	As at 31 March 2021 <i>HK\$'000</i> (Audited)
<b>Non-current liabilities</b>			
Lease liabilities		<b>6,994</b>	7,835
		<b>6,994</b>	7,835
<b>NET ASSETS</b>		<b>160,460</b>	155,070
<b>Equity</b>			
Share capital	18	<b>6,848</b>	6,848
Reserves		<b>153,612</b>	148,222
<b>TOTAL EQUITY</b>		<b>160,460</b>	155,070

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

*For the six months ended 30 September 2021*

	Attributable to owners of the Company						
	Share capital	Share premium	Merger reserve	Capital reserve	Foreign exchange reserve	Retained earnings	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>As at 1 April 2020 (audited)</b>	6,848	98,111	10,010	3,446	244	50,886	169,545
Loss for the period	-	-	-	-	-	(15,484)	(15,484)
Other comprehensive income for the period:							
Exchange differences on translating a foreign operation	-	-	-	-	-	-	-
Total comprehensive expense for the period	-	-	-	-	-	(15,484)	(15,484)
<b>As at 30 September 2020 (unaudited)</b>	<u>6,848</u>	<u>98,111</u>	<u>10,010</u>	<u>3,446</u>	<u>244</u>	<u>35,402</u>	<u>154,061</u>
<b>As at 1 April 2021 (audited)</b>	<u>6,848</u>	<u>98,111</u>	<u>10,010</u>	<u>3,446</u>	<u>244</u>	<u>36,411</u>	<u>155,070</u>
Profit for the period	-	-	-	-	-	5,390	5,390
Other comprehensive expense for the period:							
Exchange differences on translating a foreign operation	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	-	5,390	5,390
<b>As at 30 September 2021 (unaudited)</b>	<u>6,848</u>	<u>98,111</u>	<u>10,010</u>	<u>3,446</u>	<u>244</u>	<u>41,801</u>	<u>160,460</u>

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2021

	Six months ended	
	30 September	
	2021	2020
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Net cash generated from/(used in) operating activities	<u>3,203</u>	<u>(2,813)</u>
Net cash used in investing activities	<u>(11,967)</u>	<u>(10,900)</u>
Net cash generated from financing activities	<u>1,469</u>	<u>8,118</u>
Net decrease in cash and cash equivalents	(7,295)	(5,595)
Cash and cash equivalents at beginning of the period	<u>21,780</u>	<u>23,044</u>
Cash and cash equivalents at end of the period	<u><u>14,485</u></u>	<u><u>17,449</u></u>

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

*For the six months ended 30 September 2021*

## 1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands on 23 March 2016, as an exempted company with limited liability under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The registered office of the Company is located at the offices of Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The principal place of business of the Company is Units 103-105, 1st Floor, New East Ocean Centre, 9 Science Museum Road, Tsimshatsui East, Kowloon, Hong Kong.

The Company, an investment holding company, and its subsidiaries (together referred to as the “Group”) are principally engaged in the provision of foundation works including piling construction, ELS works, pile cap construction, site formation and ancillary services in Hong Kong and Macau.

The unaudited condensed consolidated interim financial statements have neither been audited nor reviewed.

## 2. BASIS OF PREPARATION

The unaudited condensed consolidated interim financial statements for the six months ended 30 September 2021 have been prepared in accordance with the Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) and the applicable disclosure provisions required by the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”).

The unaudited condensed consolidated interim financial statements of the Group are presented in Hong Kong dollars (“HK\$”), which is also the functional currency of the Company, and all values are rounded to the nearest thousand except when otherwise indicated. Each entity in the Group maintains its books and records in its own functional currency.

The preparation of the unaudited condensed consolidated interim financial statements in compliance with HKAS 34 requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

The unaudited condensed consolidated interim financial statements contain condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the consolidated financial statements for the year ended 31 March 2021. The unaudited condensed consolidated interim financial statements and notes do not include all of the information required for a complete set of annual financial statements prepared in accordance with HKASs, Hong Kong Financial Reporting Standards and interpretations (collectively the “HKFRSs”) and should be read in conjunction with the consolidated financial statements for the year ended 31 March 2021.

### **3. PRINCIPAL ACCOUNTING POLICIES AND ADOPTION OF NEW AND REVISED HKFRSs**

The accounting policies adopted are consistent with those of the annual financial statements of the Group for the year ended 31 March 2021 except for those that relate to new standards or interpretations effective for the first time for periods beginning on or after 1 April 2021.

#### **New and amended standards and interpretations adopted by the Group**

##### **Application of amendments to HKFRSs**

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

The application of the amendments to HKFRSs in the current period has 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 condensed consolidated financial statements.

### **4. SEGMENT INFORMATION**

#### **Operating segments**

The chief operating decision maker ("CODM") has been identified as the executive directors who review the Group's internal reporting in order to assess performance and allocate resources. The CODM has determined the operating segments based on these reports.

The CODM assesses the performance based on a measure of profit after income tax and considers all businesses to be included in a single operating segment.

The Group was principally engaged in provision of foundation works including piling construction, ELS works, pile cap construction, site formation and ancillary services in Hong Kong and Macau. Information reported to the Group's chief operating decision maker, for the purpose of resources allocation and performance assessment, focuses on the operating results of the Group as a whole, as the Group's resources are integrated and no discrete operating segment financial information is available. Accordingly, no operating segment information is presented.

#### **Geographical information**

All of the Group's revenue was derived from Hong Kong, based on the location of the customers, and all of its non-current assets were located in Hong Kong, based on the location of assets. Therefore, no geographical information is presented.

## 5. REVENUE, OTHER INCOME AND OTHER NET GAINS AND LOSSES

The Group's revenue represents amount received and receivable from contract work performed.

As at 30 September 2021, the aggregated amount of the transaction price allocated to the remaining performance obligations under the Group's existing contracts is approximately HK\$247,702,000 (31 March 2021: HK\$179,964,000).

This amount represents revenue expected to be recognised in the future from construction contracts entered into by the customers with the Group. The Group will recognise the expected revenue in future when or as the work is completed, which is expected to occur over the next 12 to 24 months.

An analysis of the Group's other income and other net gains and losses recognised during the respective periods are as follows:

	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2021</b>	2020
	<b>HK\$'000</b>	HK\$'000
	<b>(Unaudited)</b>	(Unaudited)
<b>Other income</b>		
Interest income on		
– Bank deposits	<u>9</u>	<u>47</u>
Total interest income from financial assets that are not at fair value through profit or loss	<b>9</b>	47
Government subsidies	–	2,727
Machinery rental income	<b>1,855</b>	2,316
Income from sale of scrap materials	<b>12</b>	–
Sundry income	<u><b>294</b></u>	<u>–</u>
	<u><b>2,170</b></u>	<u>5,090</u>
<b>Other net gains and losses</b>		
Gain/(loss) on disposal of property, plant, and equipment, net	<b>133</b>	(383)
Gain on fair value changes in financial asset at fair value through profit or loss	–	62
(Allowance)/reversal of allowance for credit loss, net of recognised:		
– Trade receivables	<b>(440)</b>	(141)
– Contract assets	<u><b>619</b></u>	<u>394</u>
	<u><b>312</b></u>	<u>(68)</u>

## 6. PROFIT/(LOSS) FROM OPERATION

The Group's profit/(loss) from operation is arrived at after charging/(crediting):

	Six months ended 30 September	
	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Depreciation		
– Owned property, plant and equipment	7,550	6,405
– Right-of-use assets	2,558	656
	<u>10,108</u>	<u>7,061</u>
Staff costs	21,183	37,249
Expenses related short term leases of premises	1,045	8,317
	<u>22,228</u>	<u>45,566</u>

## 7. FINANCE COSTS

	Six months ended 30 September	
	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Interest on lease liabilities	370	96
Interest on bank overdrafts	4	4
Interest on bank loans	574	212
	<u>948</u>	<u>312</u>

## 8. INCOME TAX

The amount of income tax in the unaudited condensed consolidated statement of profit or loss and other comprehensive income represents:

	Six months ended	
	30 September	
	2021	2020
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Current tax – Hong Kong profits tax – charge for the period	–	–
Income tax	–	–

### Notes:

- (i) Pursuant to the rules and regulations of the Cayman Islands, the Group is not subject to any income tax in the Cayman Islands.
- (ii) On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the “Bill”) which introduces the two-tiered profits tax rate regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day.

Under the two-tiered profits tax rate regime, the first HK\$2 million of profits of a qualifying group entity will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%.

For the six months ended 30 September 2021 and 2020, Hong Kong Profits Tax of the qualified entity of the Group is calculated in accordance with the two-tiered profits tax rates regime. The profits of other group entities in Hong Kong not qualifying for the two-tiered profits tax rates regime will continue to be taxed at the flat rate of 16.5%.

The directors of the Company are in the view that the impact of the two-tiered profits tax rates regime on the Group’s current and deferred tax position is not material.

As the cumulative tax losses can fully offset the taxable profit of the Group for the six months ended 30 September 2021, no provision for Hong Kong Profits Tax has been made for the six months ended 30 September 2021.

## 9. DIVIDENDS

The Directors does not recommend the payment of an interim dividend for the six months ended 30 September 2021 (six months ended 30 September 2020: Nil).

## 10. EARNINGS/(LOSS) PER SHARE

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

	Six months ended 30 September	
	2021	2020
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
<b>Earnings/(loss)</b>		
Profit/(loss) for the period attributable to owners of the Company	<u>5,390</u>	<u>(15,484)</u>
	2021	2020
	Number of	Number of
	shares	shares
	'000	'000
	(Unaudited)	(Unaudited)
<b>Number of shares</b>		
Weighted average number of ordinary shares for the purpose of basic earnings/(loss) per share ( <i>Note</i> )	<u>684,750</u>	<u>684,750</u>

*Note:*

Weighted average number of ordinary shares for the six months ended 30 September 2021 and 2020 are based on the number of ordinary shares in issue throughout the period.

Diluted earnings/(loss) per share is the same as the basic earnings/(loss) per share as there was no dilutive potential ordinary shares during the respective periods.

## 11. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 September 2021, the Group incurred capital expenditures of approximately HK\$16,818,000 in plant and machinery (six months ended 30 September 2020: approximately HK\$10,420,000 in plant and machinery, approximately HK\$7,000 in furniture and equipment and approximately HK\$525,000 in motor vehicles).

Items of property, plant and equipment with net book value amounting to approximately HK\$667,000 were disposed of during the six months ended 30 September 2021 (six months ended 30 September 2020: approximately HK\$387,000), resulting in a gain on disposal of approximately HK\$133,000 (six months ended 30 September 2020: loss on disposal of approximately HK\$383,000).

## 12. RIGHT-OF-USE ASSETS

The Group leases office and warehouse for its operations. Lease contracts are entered into for fixed term of 3 years. The Group is required to make fixed monthly payment.

During the six months ended 30 September 2021, the addition of right-of-use assets with underlying assets of plant and machinery of the Group amounted to HK\$4,880,000 (six months ended 30 September 2020: Nil).

## 13. CONTRACT ASSETS

The contract assets primarily relate to the Group's right to consideration for work completed and not billed because the rights are conditioned on the Group's future performance. The contract assets are transferred to trade receivables when the rights become unconditional other than passage of time.

	<b>As at 30 September 2021 HK\$'000 (Unaudited)</b>	As at 31 March 2021 HK\$'000 (Audited)
Arising from performance under construction contracts	<b>104,640</b>	110,162
Less: allowance for credit loss	<b>(6,515)</b>	(7,134)
	<b><u>98,125</u></b>	<b><u>103,028</u></b>

Included in carrying amount of contract assets comprises retention receivables of approximately HK\$25,989,000 as at 30 September 2021 (31 March 2021: approximately HK\$39,493,000).

Retention receivables were unsecured and interest-free and represented the monies withheld by customers of contract works fully recoverable within 1 to 2 years from the date of completion of construction contracts, in accordance with the terms specified in the relevant contracts. Upon satisfactory completion of contract work as set out in the contract, the architect for the building project will issue a practical completion certificate.

During the six months ended 30 September 2020, the Group wrote off of approximately HK\$3,597,000 on contract assets in which the directors of the Company consider that it is not recovered.

#### 14. TRADE AND OTHER RECEIVABLES

	As at 30 September 2021 <i>HK\$'000</i> (Unaudited)	As at 31 March 2021 <i>HK\$'000</i> (Audited)
Trade receivables ( <i>note</i> )	24,245	32,267
Less: allowance for credit loss	<u>(440)</u>	<u>–</u>
	<b>23,805</b>	32,267
Other receivables	24,062	17,020
Prepayments and deposits	<u>4,242</u>	<u>5,440</u>
	<b>52,109</b>	54,727
Less: Non-current portion		
Rental Deposit	(220)	(220)
Deposit paid for acquisition of property, plant and equipment	<u>(1,692)</u>	<u>(976)</u>
	<b><u>50,197</u></b>	<b><u>53,531</u></b>

*Note:*

Trade receivables were mainly derived from provision of foundation works, including piling construction, ELS works, pile cap construction, site formation and ancillary services, and are non-interest bearing. The Group does not hold any collateral or other credit enhancements over these balances.

A credit period of less than 60 days is granted by the Group to its trade customers of contract work. Application for progress payments of contract works is made on a regular basis.

The following is an analysis of trade receivables by age, presented based on the invoice dates:

	<b>As at 30 September 2021 HK\$'000 (Unaudited)</b>	As at 31 March 2021 HK\$'000 (Audited)
0-30 days	<b>18,698</b>	32,267
31-90 days	<b>3,114</b>	–
More than 90 days	<b>1,993</b>	–
	<b>23,805</b>	32,267

#### 15. PLEDGED BANK DEPOSITS AND CASH AND CASH EQUIVALENTS

	<b>As at 30 September 2021 HK\$'000 (Unaudited)</b>	As at 31 March 2021 HK\$'000 (Audited)
Cash and bank balances	<b>14,485</b>	21,780
Short-term deposits	<b>11,238</b>	19,216
	<b>25,723</b>	40,996
Less: pledged bank deposits	<b>(11,238)</b>	(19,216)
Cash and cash equivalents	<b>14,485</b>	21,780

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of between one month to one year, and earn interest at the respective short-term deposit rates. The bank balances and short-term deposits are deposited with creditworthy banks with no recent history of default.

The Group has pledged its short-term deposits as securities for its banking facilities.

## 16. BANK LOANS

	As at <b>30 September</b> <b>2021</b> <i>HK\$'000</i> <b>(Unaudited)</b>	As at 31 March 2021 <i>HK\$'000</i> (Audited)
Bank loans – secured	<u>23,364</u>	<u>19,459</u>
Presented as – current liabilities	<u><u>23,364</u></u>	<u><u>19,459</u></u>

The Group's bank loans are repayable as follows:

	As at <b>30 September</b> <b>2021</b> <i>HK\$'000</i> <b>(Unaudited)</b>	As at 31 March 2021 <i>HK\$'000</i> (Audited)
On demand or within one year	<u><u>23,364</u></u>	<u><u>19,459</u></u>

Analysis of the amounts due based on scheduled payment dates set out in the loan agreement (ignoring the effect of any repayment on demand clause) is as follows:

	As at <b>30 September</b> <b>2021</b> <i>HK\$'000</i> <b>(Unaudited)</b>	As at 31 March 2021 <i>HK\$'000</i> (Audited)
Within one year	17,689	19,459
More than one year, but not exceeding two years	797	–
More than two years, but not exceeding five years	2,528	–
After five years	<u>2,350</u>	–
	<u><u>23,364</u></u>	<u><u>19,459</u></u>

Bank loans with the aggregate carrying amount of approximately HK\$23,364,000 (31 March 2021: HK\$19,459,000) are secured by:

- (a) the Group's bank deposits amounting to approximately HK\$11,238,000 (31 March 2021: HK\$19,216,000);
- (b) blanket counter indemnity from the Group;
- (c) a property of a related companies controlled by a director of the Company;
- (d) personal guarantees executed by the directors of the Company, Chan Lap Wai Gary and Chan Lap Chuen Edmond; and
- (e) HKMC Insurance under SME Financing Guarantee Scheme.

### Effective interest rates

The following table shows effective interest rate of the bank loans of the Group:

	30 September 2021 (Unaudited)		31 March 2021 (Audited)	
	Effective interest rate	Carrying amount	Effective interest rate	Carrying amount
	%	HK\$'000	%	HK\$'000
Floating rate:				
Bank loans	<u>2.75 – 5.00</u>	<u>23,364</u>	<u>5.00</u>	<u>19,459</u>

### 17. TRADE AND OTHER PAYABLES

	As at 30 September 2021 HK\$'000 (Unaudited)	As at 31 March 2021 HK\$'000 (Audited)
Trade payables ( <i>note</i> )	48,102	46,672
Retention payables	12,514	19,316
Other payables and accruals	<u>15,577</u>	<u>22,007</u>
	<u>76,193</u>	<u>87,995</u>

*Note:*

An ageing analysis of trade payables, based on the invoice dates, is as follows:

	As at 30 September 2021 HK\$'000 (Unaudited)	As at 31 March 2021 HK\$'000 (Audited)
0-30 days	19,299	5,568
31-90 days	17,011	28,685
91-365 days	9,914	9,413
More than 365 days	<u>1,878</u>	<u>3,006</u>
	<u>48,102</u>	<u>46,672</u>

The Group's trade payables are non-interest bearing and generally have payment terms of 30 to 60 days.

## 18. SHARE CAPITAL

	Number of ordinary shares	Amount <i>HK\$'000</i>
Authorised:		
Ordinary shares of HK\$0.01 each		
At 31 March 2021 and 30 September 2021	2,000,000,000	20,000
	<u>2,000,000,000</u>	<u>20,000</u>
Issued and fully paid:		
Ordinary shares of HK\$0.01 each		
At 31 March 2021 and 30 September 2021	684,750,000	6,848
	<u>684,750,000</u>	<u>6,848</u>

## 19. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

The Group's investment in a life insurance policy is measured at fair value at the end of reporting period. The following table provides an analysis of financial instruments carried at fair value by level of fair value hierarchy:

	Fair value measurement using significant unobservable inputs (Level 3) <i>HK\$'000</i>
As at 30 September 2021 (unaudited)	
Financial assets at fair value through profit or loss	<u>2,676</u>
As at 31 March 2021 (audited)	
Financial assets at fair value through profit or loss	<u>2,676</u>

There were no changes in valuation techniques and no transfers between levels during the six months ended 30 September 2021.

## 20. COMPENSATION OF KEY MANAGEMENT PERSONNEL

The remuneration of Directors and other members of key management for the six months ended 30 September 2021 were approximately HK\$4,062,000 (six months ended 30 September 2020: approximately HK\$4,062,000).

## 21. CAPITAL COMMITMENTS

	As at 30 September 2021 <i>HK\$'000</i> (Unaudited)	As at 31 March 2021 <i>HK\$'000</i> (Audited)
Capital expenditure in respect of the acquisition of property, plant and equipment contracted for but not provided in the consolidated financial statement	<u>3,534</u>	<u>3,904</u>

## 22. LITIGATION

At the end of the reporting period, there were three labour claims arising from the normal course of business being lodged against the Group and no specific claim amount has been specified in the application of the claims. In the opinion of the directors, the Group has sufficient insurance coverage to cover the losses, if any, arising from the claims and therefore the ultimate liability under the claims would not have a material adverse impact on the financial position or results of the Group.

## 23. IMMEDIATE AND ULTIMATE CONTROLLING PARTY

The directors of the Company consider the immediate and ultimate controlling party of the Group to be Creative Elite Global Limited, which was incorporated in the British Virgin Islands. This entity does not produce financial statements available for public use.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **BUSINESS REVIEW**

During the Period, the Group was engaged in the provision of foundation works in Hong Kong and Macau. The scope of foundation works undertaken by us mainly includes piling construction, ELS works, pile cap construction, site formation and ancillary services (such as loading test and construction machinery leasing services).

As at 30 September 2021, there were nine projects on hand with total contract sum amounting to approximately HK\$472,800,000. Four projects are expected to be completed in the forthcoming financial year. Subsequent to the Period end, the Group was awarded one foundation project with contract sum of approximately HK\$9,500,000.

### **FUTURE PROSPECTS**

The ongoing COVID-19 epidemic will continue to pose a challenge to the world in the foreseeable future. However, with the pandemic control measures in Hong Kong gradually delivering results, there are signs the economy of Hong Kong is recovering, which gives us greater optimism on our business prospects. Our Directors are confident of the growth of construction industry in Hong Kong as the Hong Kong government keep its focus on Hong Kong's land supply for private residential housing and commercial buildings in the recent policy address. Riding on our management capability and reputation, we are confident to secure more tenders and capture more business opportunities in the construction industry in Hong Kong going forward. The Group will continue to adhere to its business strategy and explore various business opportunities so as to create long term sustainable value for the Company to its shareholders.

## **FINANCIAL REVIEW**

### ***Revenue***

The Group's total revenue for the Period was approximately HK\$113,019,000 representing a decrease of approximately HK\$12,477,000, or 9.9% from approximately HK\$125,466,000 for the six months ended 30 September 2020. The decline in our revenue was mainly attributable to the completion of some projects at the beginning of the Period while new projects were awarded and started to generate revenue at the end of the Period.

### ***Gross Profit/(Loss) and Gross Profit/(Loss) Margin***

The Group's gross profit amounted to approximately HK\$15,987,000 for the Period, compared to a gross loss of approximately HK\$7,847,000 for the six months ended 30 September 2020. The Group's gross profit margin during the Period was approximately 14.1% (six months ended 30 September 2020: gross loss margin approximately 6.3%).

The increase in gross profit and gross profit margin were the result of the improved gross profit margin for the newly awarded foundation projects commenced during the Period.

### ***Administrative Expenses***

The Group's administrative expenses for the Period were approximately HK\$12,131,000 representing a decrease of approximately HK\$216,000, or 1.7% from approximately HK\$12,347,000 for the six months ended 30 September 2020. This was mainly due to the management's effort in cost control.

### ***Income Tax***

No provision for Hong Kong Profits Tax has been provided as the Group had cumulative tax losses which can fully offset the taxable profit for the Period (for the six months ended 30 September 2020: nil).

### ***Net Profit/(Loss) for the Period***

For the Period, the Group recorded a net profit of approximately HK\$5,390,000 (net loss for the six months ended 30 September 2020: approximately HK\$15,484,000).

### ***Liquidity, Financial Resources and Capital Structure***

As at 30 September 2021, the Group had bank balances of approximately HK\$14,485,000 (as at 31 March 2021: approximately HK\$21,780,000). The interest-bearing debts of the Group as at 30 September 2021 was approximately HK\$36,707,000 (as at 31 March 2021: approximately HK\$32,630,000). The gearing ratio is calculated based on the amount of bank loans and lease liabilities divided by total equity. The gearing ratio of the Group as at 30 September 2021 was approximately 22.9% (as at 31 March 2021: approximately 21.0%), which is attributable to the increase in bank loans and lease liabilities during the Period.

### ***Pledge of Assets***

The Group's plant and machinery with an aggregated net book value of approximately HK\$12,685,000 as at 30 September 2021 were held under finance lease (as at 31 March 2021: HK\$9,111,000).

As at 30 September 2021, banking facilities amounting to approximately HK\$11,238,000 were secured by the Group's bank deposits (as at 31 March 2021: HK\$19,216,000).

### ***Foreign Exchange Risk***

The Group mainly operates in Hong Kong and most of the 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 we should have sufficient resources to meet foreign exchange requirements as and if they arise. Therefore, the Group has not engaged in any derivative contracts to hedge its exposure to foreign exchange risk during the Period.

### ***Significant Investment***

The Group did not have any significant investments during the Period.

### ***Material Acquisitions and Disposals***

The Group did not have any material acquisitions and disposals of subsidiaries, associates and joint ventures during the Period.

### ***Employees and Remuneration Policy***

As at 30 September 2021, the Group employed 110 employees. Total remuneration costs including Directors' emoluments for the Period, amounted to approximately HK\$21,183,000 (for the six months ended 30 September 2020: approximately HK\$37,249,000). The salary and benefit levels of the employees of the Group are competitive and individual performance is rewarded through the Group's salary and bonus system. The Group conducts annual review on salary increase, discretionary bonuses and promotions based on the performance of each employee.

During the Period, the Group has not experienced any significant labour disputes with its employees nor has it experienced any difficulty in the recruitment and retention of experienced staff.

### ***Capital Commitments***

The Group had capital commitments amounted to approximately HK\$3,534,000 in respect of acquisition of property, plant and equipment as at 30 September 2021 (as at 31 March 2021: HK\$3,904,000).

### ***Contingent Liabilities***

As at 30 September 2021, the Group did not have any significant contingent liabilities (as at 31 March 2021: Nil).

## **CORPORATE GOVERNANCE AND OTHER INFORMATION**

### **Purchase, sale or redemption of the Company's listed securities**

No purchase, sale or redemption of the Company's listed securities by the Company or any of its subsidiaries was made during the Period and up to the date of this announcement.

### **Interim dividend**

The Board has resolved not to declare any interim dividend for the six months ended 30 September 2021.

### **Compliance with the corporate governance code**

The Group is committed to uphold high standards of corporate governance. The Board considers that enhanced public accountability and corporate governance are beneficial to the healthy growth of the Group, improving customer and supplier confidence and safeguarding the interests of the shareholders of the Company.

The Company had adopted the principles and code provisions as set out in the Corporate Governance Code contained in Appendix 14 to the Listing Rules. To the best knowledge of the Board, the Company has complied with all applicable code provisions in the Corporate Governance Code during the Period and up to the date of this announcement.

### **Compliance with the Model Code**

The Company has adopted a code of conduct regarding Directors' securities transactions on terms no less exacting than the required standard as set out in the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules (the "**Model Code**"). In response to a specific enquiry by the Company, all Directors have confirmed that they complied with the requirements of the Model Code during the Period and up to the date of this announcement.

## **Audit Committee**

The Company has an audit committee (the “**Audit Committee**”) in accordance with the requirements of the Listing Rules with terms of reference aligned with the provision of the Corporate Governance Code as set out in Appendix 14 to the Listing Rules. The Audit Committee is to serve as a focal point for communication between other Directors, the external auditors, and the management as their duties relate to financial and other reporting, internal controls and the audits; and to assist the Board in fulfilling its responsibilities by providing an independent review of financial reporting, be satisfying themselves as to the effectiveness of the Company’s internal controls and as to the efficiency of the audits. The Audit Committee comprises three independent non-executive Directors, namely Mr. Cheng Chi Hung (chairman), Mr. Li Hon Hung, *BBS, MH, JP* and Mr. Wong Yip Kong.

## **Review of Interim Results**

The Group’s unaudited condensed consolidated interim results and financial report for the Period have been reviewed and approved by the Audit Committee. The Audit Committee is of the opinion that the relevant unaudited condensed consolidated financial statements have been prepared in compliance with the applicable accounting standards and the requirements under the Listing Rules, and that adequate disclosures have been made.

## **Publication of Interim Results Announcement and Interim Report**

The interim results announcement of the Company has been published on the website of the Stock Exchange at [www.hkex.com.hk](http://www.hkex.com.hk) and at the website of the Company at [www.simonandsons.com.hk](http://www.simonandsons.com.hk). The interim report will be despatched to the shareholders of the Company and is available on the above websites in due course.

## **Events after the Period**

The event that has a significant impact on the Group and occurred since 30 September 2021 and up to the date of this announcement has been stated in the section headed “Management Discussion and Analysis – Future Prospects” above.

## **APPRECIATION**

On behalf of the Board, I would like to express my sincere gratitude to all our management and staff members for their dedication and contribution to the Group. In addition, I would like to thank all our Shareholders and investors for their support and our customers for their patronage.

By order of the Board  
**Sheung Yue Group Holdings Limited**  
**Chan Lap Wai Gary**  
*Chairman*

Hong Kong, 24 November 2021

*As at the date of this announcement, the Board comprises Mr. Chan Lap Wai Gary (Chairman), Mr. Chan Lap Chuen Edmond and Ms. Chan Chin Ying Amanda as executive Directors, and Mr. Li Hon Hung, BBS, MH, JP, Mr. Cheng Chi Hung and Mr. Wong Yip Kong as independent non-executive Directors.*