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 ANNUAL RESULTS FOR THE YEAR ENDED 31 MARCH 2019

The board (the "**Board**") of directors (the "**Directors**") of Sheung Yue Group Holdings Limited (the "**Company**") is pleased to present the annual results of the Company and its subsidiaries (collectively the "**Group**") for the year ended 31 March 2019 (the "**Year**"), together with the comparative audited figures for the year ended 31 March 2018 (the "**Previous Year**").

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2019

	Notes	**2019** **HK$'000**	2018 HK$'000
Revenue	5	**241,612**	220,240
Cost of services		**(250,166)**	(212,524)
Gross (loss)/profit		**(8,554)**	7,716
Other income	5	**1,285**	1,412
Other gains and losses	5	**4,466**	1,077
Share of loss of a joint venture		**–**	(36)
Administrative expenses		**(50,102)**	(40,456)
Operating loss	6	**(52,905)**	(30,287)
Finance costs		**(96)**	(333)
Loss before income tax		**(53,001)**	(30,620)
Income tax credit	7	**7,680**	4,904
Loss for the year		**(45,321)**	(25,716)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Changes in fair value of investment in a life insurance policy		**–**	7
Exchange differences on translating a foreign operation		**28**	30
Other comprehensive income for the year, net of tax		**28**	37
Total comprehensive loss for the year		**(45,293)**	(25,679)
		HK cents	*HK cents*
Loss per share			
– Basic and diluted	9	**(6.62)**	(3.76)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2019

	Notes	**2019** **HK$'000**	2018 HK$'000
Non-current assets			
Property, plant and equipment		**43,418**	45,808
Prepayments	10	**–**	383
Investment in a life insurance policy		**2,567**	2,488
		45,985	48,679
Current assets			
Inventories		**10,655**	6,963
Contract assets	11	**81,232**	–
Amounts due from customers for contract work		**–**	78,908
Trade and other receivables	10	**28,641**	49,467
Pledged bank deposits		**19,671**	18,126
Cash and cash equivalents		**40,997**	50,091
Tax recoverable		**53**	6,724
		181,249	210,279
Current liabilities			
Trade and other payables	12	**53,530**	23,683
Finance lease liabilities		**561**	1,754
Bank loan		**4,928**	–
Current tax liabilities		**–**	2,979
		59,019	28,416
Net current assets		**122,230**	181,863
Total assets less current liabilities		**168,215**	230,542
Non-current liabilities			
Finance lease liabilities		**–**	561
Deferred tax liabilities		**–**	1,698
		–	2,259
NET ASSETS		**168,215**	228,283
Equity			
Share capital	13	**6,848**	6,848
Reserves		**161,367**	221,435
TOTAL EQUITY		**168,215**	228,283

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

1. GENERAL

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.

In the opinion of the directors, the Company's immediate and ultimate parent is Creative Elite Global Limited, a company incorporated in the British Virgin Islands (the "BVI").

2. BASIS OF PREPARATION

(a) Statement of compliance

The consolidated financial statements have been prepared in accordance with all applicable HKFRSs, Hong Kong Accounting Standards ("HKASs") and Interpretations (hereinafter collectively referred to as the "HKFRS") and the disclosure requirements of the Hong Kong Companies Ordinance. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange (the "Listing Rules").

(b) Basis of measurement

The consolidated financial statements have been prepared under the historical cost basis, except for certain financial instruments that are measured at fair values, at the end of each reporting period, as explained in the accounting policies set out in the notes to the consolidated financial statements.

(c) Functional and presentation currency

The consolidated financial statements are presented in Hong Kong Dollars ("HK$"), which is also the functional currency of the Company, and all values are rounded to the nearest thousands, except when otherwise indicated. Each entity in the Group maintains its books and records in its own functional currency.

3. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

Adoption of new/revised HKFRSs – effective 1 April 2018

The Group has adopted the following new standards, amendments and interpretation to existing standards, which are relevant to the Group's accounting policies for the first time presented on the Group's consolidated financial statements for the financial year beginning on or after 1 April 2018.

HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers
Amendments to HKFRS 15	Revenue from Contracts with Customers (Clarifications to HKFRS 15)

The impact of the adoption of HKFRS 9 "Financial instruments" (see (A) below) and HKFRS 15 "Revenue from Contracts with Customers" (see note (B) below) have been summarised below. The other new or revised HKFRSs that are effective from 1 April 2018 had no material impact on the Group's accounting policies and amounts presented on the Group's consolidated financial statements for the current and prior years and/or disclosures set out in these consolidated financial statements.

(A) HKFRS 9, Financial instruments, including the Amendments to HKFRS 9, Prepayment features with negative compensation

HKFRS 9 replaces HKAS 39, Financial instruments: recognition and measurement. It sets out the requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell nonfinancial items.

The Group has applied HKFRS 9 retrospectively to items that existed at 1 April 2018 in accordance with the transition requirements. Cumulative effect of initial application of HKFRS 9 has been recognised as an adjustment to the opening equity at 1 April 2018. Therefore, comparative information continues to be reported under HKAS 39 and thus may not be comparable with the current period.

The adoption of HKFRS 9 has impacted the following:

For available-for-sale financial asset under HKAS 39 has been reclassified as financial asset at fair value through profit or loss under HKFRS 9. Fair value changes previously accounted for in other comprehensive income has transferred to the opening balance of retained earnings as at 1 April 2018.

In summary, the following reclassification was made to the amounts recognised in the consolidated statement of financial position at the date of initial application (1 April 2018):

	Carrying amount as at 31 March 2018 under HKAS 39	**Reclassification**	**Carrying amount as at 1 April 2018 under HKFRS 9**
	HK$'000	*HK$'000*	*HK$'000*
Non-current assets			
Investment in a life insurance policy			
Available-for-sale financial asset	2,488	(2,488)	–
Financial asset at fair value through profit or loss	–	2,488	2,488

The following table is a reconciliation that shows how the closing loss allowance as at 31 March 2018 determined in accordance with HKAS 39 can be reconciled to the opening loss allowance as at 1 April 2018 determined in accordance with HKFRS 9.

	HK$'000
Loss allowance recognised as at 31 March 2018 under HKAS 39	–
Additional loss allowance as a result of the application of the "expected loss model" under HKFRS 9	
– Accounts receivables	(2,070)
– Contract assets	(12,705)
Loss allowance recognised as at 1 April 2018 under HKFRS 9	(14,775)

The following table summarises the impact, net of tax, of transition to HKFRS 9 on the opening balance of retained earnings:

	Impact of adopting HKFRS 9 on opening balance of retained earnings
	HK$'000
Retained earnings	
Reclassification from available-for-sale financial asset to financial asset at fair value through profit or loss	(402)
Recognition of additional expected credit losses relating to:	
– Accounts receivables	(2,070)
– Contract assets	(12,705)
	(14,775)
Impact at 1 April 2018	(15,177)

Further details of the nature and effect of the changes to previous accounting policies and the transition approach are set out below:

(i) *Classification and measurement*

HKFRS 9 categories financial assets into three principal classification categories: measured at amortised cost, at fair value through other comprehensive income ("FVOCI") and at fair value through profit or loss ("FVPL"). These supersede HKAS 39's categories of held-to-maturity investments, loans and receivables, available-for-sale financial assets and financial assets measured at FVPL. The classification of financial assets under HKFRS 9 is based on the business model under which the financial asset is managed and its contractual cash flow characteristics.

At the date of initial application of HKFRS 9, the Group has reassessed the classifications of all of its financial assets based on the business model of which a financial asset is held.

The Group previously classified its investment in a life insurance policy as available-for-sale investments under HKAS 39. With the adoption of HKFRS 9, the investment in a life insurance policy is re-classified as financial assets measured at FVPL as the investment is held within a different business model than 'hold to collect' or 'hold to collect and sell', and financial assets whose contractual cash flows are not solely payments of principal and interest.

Once designation as investment in a life insurance policy at FVPL has taken place, all fair value gains or losses previously recognised in other comprehensive income will be recycled to profit or loss on disposal of the investment in a life insurance policy.

The Group classified all its remaining financial assets, including trade and other receivables, contract assets and bank balance and cash as loans and receivables under HKAS 39. With the adoption of HKFRS 9, they are re-classified as financial assets measured at amortised cost.

The classifications for all financial liabilities of the Group remain the same, i.e. measured at amortised cost, with the adoption of HKFRS 9.

The carrying amounts for all financial assets and financial liabilities as at 1 April 2018 have not been impacted by the initial application of HKFRS 9.

(ii) *Credit losses*

HKFRS 9 replaces the "incurred loss" model in HKAS 39 with the "expected credit loss" ("ECL") model. The ECL model requires an ongoing measurement of credit risk associated with a financial asset and therefore recognises ECL earlier than under the incurred loss accounting model in HKAS 39.

The Group applies the new ECL model to financial assets measured at amortised cost (including bank balance and cash, contract assets and trade and other receivables). Financial assets measured at fair value, including investment in a life insurance policy, are not subject to the ECL assessment.

Measurement of ECL

ECL is a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all expected cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expect to receive). The expected cash shortfalls are discounted using the following discount rates where the effect of discounting is material:

– contract assets, trade and other receivables and fixed-rate financial assets: effective interest rate determined at initial recognition or an approximation thereof;

– variable-rate financial assets: current effective interest rate.

The maximum period considered when estimating ECL is the maximum contractual period over which the Group is exposed to credit risk.

In measuring ECL, the Group takes into account reasonable and supportable information that is available without undue cost or effort. This includes information about past events, current conditions and forecasts of future economic conditions.

ECL is measured on either of the following bases:

– 12-month ECL: these are losses that are expected to result from possible default events within the 12 months after the reporting date; and

– lifetime ECL: these are losses that are expected to result from all possible default events over the expected lives of the items to which the ECL model applies.

Loss allowances for trade receivables are always measured at an amount equal to lifetime ECL. ECL on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors and an assessment of both the current and forecast general economic conditions at the reporting date.

For all other financial instruments, the Group recognises a loss allowance equal to 12-month ECL unless there has been a significant increase in credit risk of the financial instrument since initial recognition, in which case the loss allowance is measured at an amount equal to lifetime ECL.

Significant increases in credit risk

In assessing whether the credit risk of a financial instrument has increased significantly since initial recognition, the Group compares the risk of default occurring on the financial instrument assessed at the reporting date with that assessed at the date of initial recognition. In making this reassessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

– failure to make payments of principal or interest on their contractually due dates;

– an actual or expected significant deterioration in a financial instrument's external or internal credit rating (if available);

– an actual or expected significant deterioration in the operating results of the debtor; and

– existing or forecast changes in the technological, market, economic or legal environment that have a significant adverse effect on the debtor's ability to meet its obligation to the Group.

Depending on the nature of the financial instruments, the assessment of a significant increase in credit risk is performed on either an individual basis or a collective basis. When the assessment is performed on a collective basis, the financial instruments are grouped based on shared credit risk characteristics, such as past due status and credit risk ratings.

ECL is remeasured at each reporting date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognised as an impairment gain or loss in profit or loss. The Group recognises an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount.

Basis of calculation of interest income on credit-impaired financial assets

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on the amortised cost (i.e. the gross carrying amount less loss allowance) of the financial asset.

At each reporting date, the Group assesses whether a financial asset is credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes the following observable events:

– significant financial difficulties of the debtor;

– a breach of contract, such as a default or delinquency in interest or principal payments;

– it becoming probable that the borrower will enter into bankruptcy or other financial reorganisation; or

– significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor.

Write-off policy

The gross carrying amount of a financial asset or contract asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. Subsequent recoveries of an asset that was previously written off are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.

Impact of ECL model

(1) Impact on trade receivables and contract assets

The Group has elected to measure loss allowances for trade receivables using simplified approach HKFRS 9 and calculated ECL based on lifetime ECL. The Group has established a provision matrix that is based on reasonable and supportable information that is available without undue cost or effort at the reporting date, including historical credit loss experience, shared credit risk characteristics and the number of days past due, adjusted for forward-looking factors specific to the debtors and the economic environment.

Contract assets comprises of retention receivables and unbilled work in progress which have substantially the same risk characteristics as the trade receivables for the same type of contract. The Group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

The impact of the adoption of the ECL model under HKFRS 9 has been disclosed above.

(2) Impact on the remaining financial assets at amortised cost

The remaining financial assets at amortised cost of the Group include other receivables, pledged bank deposits and cash and cash equivalents. No changes have been made to loss allowance upon the transition to HKFRS 9 as of 1 April 2018 and no further increase of loss allowance during the year ended 31 March 2019 for such balances are recorded as there are no significant change in credit risk and therefore the amount of additional impairment measured under the ECL model is immaterial.

(B) HKFRS 15 "Revenue from Contracts with Customers"

HKFRS 15 and the related clarification to HKFRS 15 (hereinafter referred to as "HKFRS 15") presents new requirements for the recognition of revenue, replacing HKAS 18 "Revenue", HKAS 11 "Construction Contracts", and several revenue-related Interpretations. HKFRS 15 establishes a single comprehensive model that applies to contracts with customers and two approaches to recognising revenue; at a point in time or overtime. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognised.

HKFRS 15 has been applied retrospectively without restatement, with the cumulative effect of initial application recognised as an adjustment to the opening balance of retained profits at 1 April 2018. In accordance with the transition guidance, HKFRS 15 has only been applied to contracts that are incomplete as at 1 April 2018.

In summary, the following reclassification was made to the amounts recognised in the consolidated statement of financial position at the date of initial application (1 April 2018):

	Carrying amount as at 31 March 2018 under HKAS 18	Reclassification	Carrying amount as at 1 April 2018 under HKFRS 15
	HK$'000	*HK$'000*	*HK$'000*
Current assets			
Amounts due from customers for contract work	78,908	(78,908)	–
Trade and other receivables	49,467	(19,224)	30,243
Contract assets	–	98,132	98,132

Contract assets are rights to consideration in exchange for goods or services that the Group has transferred to a customer when that right is conditional on something other than the passage of time.

The adoption of HKFRS 15 has no material impact on the Group's consolidated statement of profit or loss and other comprehensive income and the consolidated statement of cash flows.

4. SEGMENT INFORMATION

Operating segments

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.

Information about major customers

Revenue attributed from customers that accounted for 10% or more of the Group's total revenue during the year is as follows:

	2019	2018
	HK$'000	*HK$'000*
Customer A	*	33,912
Customer B	–	26,037
Customer C	–	30,211
Customer D	**40,680**	–
Customer E	**85,101**	–
Customer F	**34,458**	–

* Less than 10% of the Group's revenue

5. REVENUE, OTHER INCOME AND OTHER GAINS AND LOSSES

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

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

	2019	2018
	HK$'000	*HK$'000*
Other income		
Interest income on		
– Bank deposits	**83**	44
– Investment in a life insurance policy	**–**	101
Total interest income from financial assets that are not at fair value through profit or loss	**83**	145
Machinery rental income	**346**	657
Income from sale of scrap materials	**–**	13
Imputed interest on retention receivables	**–**	398
Sundry income	**856**	199
	1,285	1,412
Other gains and losses		
Foreign exchange gain, net	**–**	28
Gain on disposal of property, plant and equipment	**4,350**	1,049
Gain on fair value changes in investment in a life insurance policy	**116**	–
	4,466	1,077

6. OPERATING LOSS

The Group's operating loss is arrived at after charging:

	2019	2018
	HK$'000	*HK$'000*
Auditor's remuneration	**458**	719
Depreciation	**10,759**	12,745
Operating lease rentals in respect of:		
– Land and buildings	**2,891**	2,444
– Plant and equipment	**3,165**	1,515
Employee benefit expenses	**41,660**	49,362
Impairment loss on:		
Trade receivables	**112**	–
Contract assets	**23,800**	–
Amounts due from customers for contract work	**–**	7,808

7. INCOME TAX CREDIT

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

	2019	2018
	HK$'000	*HK$'000*
Current tax – Hong Kong profits tax		
– charge for the year	**(51)**	(179)
– over-provision in respect of prior years	**6,033**	266
Deferred tax credit	**1,698**	4,817
Income tax credit	**7,680**	4,904

Hong Kong profits tax is calculated at 16.5% (2018: 16.5%) of the estimated assessable profits during the year.

The income tax credit for the year applicable to loss before income tax at the statutory rate for Hong Kong, the jurisdiction in which majority of the Group's operations are domiciled, can be reconciled to the income tax expense at the effective tax rate per the consolidated statement of profit or loss and other comprehensive income as follows:

	2019	2018
	HK$'000	*HK$'000*
Loss before income tax	**(53,001)**	(30,620)
Tax calculated at the applicable statutory tax rate for Hong Kong of 16.5%	**8,745**	5,052
Tax effect of share of loss of a joint venture	**–**	(6)
Tax effect of income not subject to tax	**751**	32
Tax effect of utilisation of tax losses recognised in prior years	**(4,742)**	–
Tax effect of tax loss not recognised	**(1,847)**	–
Tax effect of expense not deductible for tax purpose	**(27)**	(470)
Tax effect of temporary differences recognised	**(1,253)**	–
Tax reduction enacted by the local authority	**20**	30
Over provision in respect of prior years	**6,033**	266
Income tax credit at the effective tax rate	**7,680**	4,904

8. DIVIDENDS

No dividend was paid or proposed for both years nor has any dividend been proposed since the end of the reporting period.

9. LOSS PER SHARE

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

	2019	2018
	HK$'000	*HK$'000*
Loss		
Loss for the year attributable to owners of the Company	**(45,321)**	(25,716)

	2019	2018
	Number of shares	Number of shares
	'000	*'000*
Number of shares		
Weighted average number of ordinary shares for the purpose of basic loss per share *(Note)*	**684,750**	684,750

Note: Weighted average number of ordinary shares for the years ended 31 March 2019 and 2018 are based on the number of ordinary shares in issue throughout the year.

Diluted loss per share is same as basic loss per share as there was no potential dilutive ordinary shares for the years ended 31 March 2019 and 2018.

10. PREPAYMENTS AND TRADE AND OTHER RECEIVABLES

	2019	2018
	HK$'000	*HK$'000*
Trade receivables	**12,610**	17,058
Less: allowance for credit loss	**(2,182)**	–
	10,428	17,058
Retention receivables	**–**	19,224
Other receivables	**13,389**	2,438
Prepayments and deposits	**4,824**	11,130
	28,641	49,850
Less: Non-current portion		
Prepayments	**–**	(383)
Current portion	**28,641**	49,467

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:

	2019	2018
	HK$'000	*HK$'000*
Less than 1 month	**10,428**	13,309
1 to 3 months	**–**	3,726
More than 3 months but less than one year	**–**	–
Over one year	**–**	23
	10,428	17,058

11. 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.

Included in carrying amount of contract assets comprises retention receivables of approximately HK$32,842,000 as at 31 March 2019.

Retention receivables is 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.

	31 March 2019	1 April 2018	31 March 2018
	HK$'000	*HK$'000*	*HK$'000*
		(note a)	
Arising from performance under construction contracts	**93,661**	98,132	–
Impairment allowance	**(12,429)**	(12,705)	–
	81,232	85,427	–

Notes: (a) The Group has initially applied HKFRS 9 and HKFRS 15 using the cumulative effect method and adjusted the opening balances as at 1 April 2018. Upon the adoption of HKFRS 15, amounts due from customers for contract work of approximately HK$19,224,000 and retention receivable of approximately HK$78,908,000 were reclassified to contract assets. Upon the adoption of HKFRS 9, opening adjustments were made at 1 April 2018 to recognise additional expected credit losses of approximately HK$12,705,000 on contract asset.

12. TRADE AND OTHER PAYABLES

	2019	2018
	HK$'000	*HK$'000*
Trade payables	**27,521**	9,447
Retention payables	**20,575**	8,078
Other payables and accruals	**5,434**	6,158
	53,530	23,683

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

	2019	2018
	HK$'000	*HK$'000*
Current or less than 1 month	**12,171**	3,730
1 to 3 months	**11,770**	4,171
More than 3 months but less than one year	**1,831**	1,447
More than one year	**1,749**	99
	27,521	9,447

The Group's trade payables are non-interest bearing and generally have payment terms of 7 to 60 days.

13. SHARE CAPITAL

	Number of ordinary shares	**Amount**
		HK$'000
Authorised:		
Ordinary shares of HK$0.01 each		
At 1 April 2017, 31 March 2018, 1 April 2018 and 31 March 2019	2,000,000,000	20,000
Issued and fully paid:		
Ordinary shares of HK$0.01 each		
At 1 April 2017, 31 March 2018, 1 April 2018 and 31 March 2019	684,750,000	6,848

14. LITIGATION

At the end of the reporting period, there was a labour claim 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 claim. In the opinion of the directors, the Group has sufficient insurance coverage to cover the loss, if any, arising from the claim and therefore the ultimate liability under the claim and possible outflow of resources in settling the claim would not have a material adverse impact on the financial position or results of the Group.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

During the Year, 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 (such as driven H-piling, socketed H-piling, precast prestressed concrete piling, mini piling, soldier piling, pipe piling and king posts), ELS works, pile cap construction, site formation and ancillary services (such as loading test and construction machinery leasing services).

As at 31 March 2019, there are seven projects on hand with total contract sum amounting to approximately HK$557.5 million. Three projects are expected to be completed in the forthcoming financial year. Subsequent to the financial year end, the Group was awarded two foundation projects with total contract sum amounting to approximately HK$79.1 million.

PROSPECTS

The year ended 31 March 2019 was a year full of challenges to the Group. Intense competition, shortage of skilled labour and rising construction costs have caused the dilution in the profit margin of our construction works projects, and are expected to hinder the growth of the construction industry in the coming year. Despite the challenges ahead, the Directors believe that the Government's long term policies for large scale infrastructure projects and land supply to public and private sectors will favour the demand of the Group's business and the Group is well-positioned to take up new projects in the coming year. To maintain our competitiveness, the Group endeavours to adhere to it business strategy, reinforce our capability in foundation design and project management skills and diversify our services portfolio in order to capture more business opportunities. In addition, the Group will keep exploring various potential business opportunities that will broaden our sources of revenue so that our shareholders' return can be maximized.

FINANCIAL REVIEW

Revenue

The Group's total revenue for the Year was approximately HK$241,612,000 (for the Previous Year: approximately HK$220,240,000), representing an increase of approximately 9.7% over the Previous Year. The increase was because the Group undertook some more foundation works projects during the Year.

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

The gross profit decreased from approximately HK$7,716,000 for the year ended 31 March 2018 to the gross loss of approximately HK$8,554,000 for the Year. The Group's gross loss margin during the Year was approximately 3.5% (gross profit margin for the Previous Year: approximately 3.5%).

The decline in gross profit margin was mainly due to a decrease in gross profit margin of the newly tendered foundation works projects of the Group during the Year as a result of the lower bidding prices on the new tenders.

General and Administrative Expenses

The Group's administrative expenses for the Year were approximately HK$50,102,000 (for the Previous Year: approximately HK$40,456,000), representing an increase of approximately 23.8% over the Previous Year. This was mainly due to increase in impairment of contract assets during the Year as compared to the Previous Year.

Income Tax Credit

The Group's income tax credit for the Year was approximately HK$7,680,000 (for the Previous Year: approximately HK$4,904,000).

Net Loss

As a result of the abovementioned, the Group reported a net loss for the year of approximately HK$45,321,000 (for the Previous Year: approximately HK$25,716,000).

Liquidity, Financial Resources and Capital Structure

As at 31 March 2019, the Group had bank balances of approximately HK$41.0 million (as at 31 March 2018: approximately HK$50.1 million). The interest-bearing debts of the Group as at 31 March 2019 was approximately HK$5.5 million (as at 31 March 2018: approximately HK$2.3 million). The gearing ratio is calculated based on the amount of total interest-bearing debts divided by total equity. The gearing ratio of the Group as at 31 March 2019 was approximately 3.3% (as at 31 March 2018: approximately 1.0%), as a result of the increase in bank loan during the Year.

Pledge of Assets

The Group's plant and machinery with an aggregate net book value of approximately HK$2.8 million and HK$6.3 million as at 31 March 2019 and 31 March 2018, respectively, were held under finance leases.

As at 31 March 2019, banking facilities were secured by the Group's bank deposits amounting to approximately HK$19,671,000 (as at 31 March 2018: HK$18,126,000).

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.

Employees and Remuneration Policy

As at 31 March 2019, the Group employed 94 employees. Total remuneration costs including directors' emoluments for the Year, amounted to approximately HK$41.7 million (for the Previous Year: approximately HK$49.4 million). 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 Year, the Group has not experienced any significant problems with its employees due to labour disputes nor has it experienced any difficulty in the recruitment and retention of experienced staff.

Capital Commitments

The Group did not have any capital commitments as at 31 March 2019 (as at 31 March 2018: Nil).

Contingent Liabilities

As at 31 March 2019, the Group did not have any significant contingent liabilities (as at 31 March 2018: Nil).

Use of Proceeds from Initial Public Offering

The net proceeds of the share offer received by the Company in relation to the Listing were approximately HK$95.3 million, after deduction of underwriting fees and commissions and expenses. These proceeds are intended to be applied in accordance with the proposed application set out in the paragraph headed "Future plans and use of proceeds" in the prospectus of the Company dated 31 October 2016 (the "**Prospectus**"). The below table sets out the proposed applications of the net proceeds and usage up to date of this announcement:

	Planned use of proceeds *HK$'000*	**Actual usage up to the date of announcement of annual results for the year ended 31 March 2018 (27 June 2018)** *HK$'000*	**Unutilised proceeds as at the date of announcement of annual results for the year ended 31 March 2018 (27 June 2018)** *HK$'000*	**Actual usage up to the date of announcement of interim results for the six months ended 30 September 2018 (28 November 2018)** *HK$'000*	**Unutilised proceeds as at the date of announcement of interim results for the six months ended 30 September 2018 (28 November 2018)** *HK$'000*	**Actual usage up to the date of this announcement** *HK$'000*	**Unutilised proceeds as at the date of this announcement** *HK$'000*
Purchase of machinery and equipment	67,048	14,039	53,009 (Note 1)	23,399	43,649 (Note 2)	38,949	28,099 (Note 3)
Taking out surety bond	19,466	19,466	–	19,466	–	19,466	–
Expansion of workforce	7,299	6,002	1,297	7,299	–	7,299	–
General working capital	1,512	1,512	–	1,512	–	1,512	–
	95,325	41,019	54,306	51,676	43,649	67,226	28,099

Note 1:

For the unutilised proceeds with an amount of approximately HK$53,009,000 for the purchase of machinery and equipment, we expect to apply such unutilised proceeds, in particular, approximately HK$16,260,000, HK$17,280,000, HK$15,579,000 and HK$3,890,000, respectively, in purchasing pile drivers, hydraulic hammers, crawler cranes and pre-boring rigs, within 21 months after the date of the announcement of annual results for the year ended 31 March 2018 (i.e. 27 June 2018).

Note 2:

For the unutilised proceeds with an amount of approximately HK$43,649,000 for the purchase of machinery and equipment, we expect to apply such unutilised proceeds, in particular, approximately HK$13,360,000, HK$11,900,000, HK$14,499,000 and HK$3,890,000, respectively, in purchasing pile drivers, hydraulic hammers, crawler cranes and pre-boring rigs, within 16 months after the date of the announcement of interim results for the six months ended 30 September 2018 (i.e. 28 November 2018).

Note 3:

For the unutilised proceeds with an amount of approximately HK$28,099,000 for the purchase of machinery and equipment, we expect to apply such unutilised proceeds, in particular, approximately HK$9,860,000, HK$9,300,000, HK$6,099,000, and HK$2,840,000, respectively, in purchasing pile drivers, hydraulic hammers, crawler cranes and pre-boring rigs, within 9 months after the date of this announcement (i.e. 27 June 2019).

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 was made from the Listing Date and up to the date of this announcement.

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 complied with all applicable code provisions as set out in the Corporate Governance Code contained in Appendix 14 to the Listing Rules from the Listing Date 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 since the Listing Date and up to the date of this announcement.

Audit Committee

The Company has established 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 Annual Results

The Audit Committee of the Company has reviewed the accounting principles and practices adopted by the Group and the annual results for the year ended 31 March 2019. The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the Year as set out in this announcement have been agreed by the Group's auditor, Elite Partners CPA Limited, to the amounts set out in the Group's audited consolidated financial statements for the Year. The work performed by Elite Partners CPA 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 Elite Partners CPA Limited on this announcement.

Dividend Policy

The declaration of payment of dividends are subject to the criteria set out in the dividend policy adopted by the Company (the "**Dividend Policy**"), shall remain to be determined at the sole discretion of the Board and are subject to all applicable laws and regulations and the Articles of Association of the Company. The Board shall take into account the following factors, among other factors, when considering the declaration and payment of dividends:

(a) the Group's overall results of operation, financial position, liquidity position, capital requirements, cash flow and future prospects;

(b) the amount of distributable reserves of the Company;

(c) the expected capital requirements and future expansion plans of the Group;

(d) the general business and regulatory conditions, the business cycle of the Group and other internal or external factors that may have an impact on the business or financial performance and position of the Group;

(e) the statutory and regulatory restrictions;

(f) the contractual restrictions on the payment of dividends by the Company to the Shareholders or by the subsidiaries of the Company to the Company;

(g) the Shareholders' interests; and

(h) other factors that the Board deems relevant.

The Company will continually review the Dividend Policy and reserves the right in its sole and absolute discretion to update, amend, modify and/or cancel the Dividend Policy at any time. The Dividend Policy shall in no way constitute a legally binding commitment by the Company that dividends will be paid in any particular amount and/or in no way obligate the Company to declare a dividend at any time or from time to time.

Final Dividend and Annual General Meeting

The Directors recommended no payment of final dividend for the Year. Notice of the annual general meeting will be published and despatched to shareholders of the Company in the manner required by the Listing Rules in due course.

Publication of Results Announcement and Annual Report

This announcement is published on the website of the Stock Exchange at www.hkex.com.hk and at the website of the Company at www.simonandsons.com.hk. The annual report will be despatched to the shareholders of the Company and available on the above websites in due course.

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, 27 June 2019

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.