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 2017

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 2017 (the "**Year**"), together with the comparative audited figures for the year ended 31 March 2016 (the "**Previous Year**").

FINANCIAL HIGHLIGHTS

- Revenue of the Group for the year ended 31 March 2017 amounted to approximately HK$403.3 million (for the year ended 31 March 2016: approximately HK$464.3 million).

- Profit attributable to owners of the Company for the year ended 31 March 2017 amounted to approximately HK$36.4 million (for the year ended 31 March 2016: approximately HK$40.0 million).

- Basic and diluted earnings per share for the year ended 31 March 2017 amounted to approximately HK cents 6.10 (for the year ended 31 March 2016: approximately HK cents 7.33).

- The Board does not recommend the payment of a final dividend for the year ended 31 March 2017.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2017

	Notes	**2017** **HK$'000**	2016 HK$'000
Revenue	5	**403,266**	464,303
Cost of services		**(331,273)**	(390,666)
Gross profit		**71,993**	73,637
Other income	5	**5,958**	3,062
Other gains and losses	5	**2,632**	(208)
Share of loss of a joint venture		**(5)**	(975)
Administrative expenses		**(33,628)**	(25,147)
Operating profit	6	**46,950**	50,369
Finance costs		**(737)**	(823)
Profit before income tax expense		**46,213**	49,546
Income tax expense	7	**(9,768)**	(9,595)
Profit for the year		**36,445**	39,951
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Changes in fair value of investment in a life insurance policy		**10**	12
Exchange differences on translating a foreign operation		**(39)**	(15)
Other comprehensive income for the year, net of tax		**(29)**	(3)
Total comprehensive income for the year		**36,416**	39,948
Earnings per share			
– Basic and diluted (HK cents)	9	**6.10**	7.33

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2017

	Notes	**2017**	2016
		HK$'000	*HK$'000*
Non-current assets			
Property, plant and equipment		**48,117**	53,958
Deposits paid for acquisition of plant and machinery	10	**3,199**	–
Interest in a joint venture		**36**	41
Investment in a life insurance policy		**2,387**	2,303
		53,739	56,302
Current assets			
Inventories		**8,363**	–
Amounts due from customers for contract work		**133,825**	49,890
Trade and other receivables	10	**73,973**	64,663
Amounts due from directors		**–**	19,773
Pledged bank deposits		**14,049**	14,007
Cash and cash equivalents		**70,592**	52,722
Tax recoverable		**126**	–
		300,928	201,055
Current liabilities			
Trade and other payables	11	**75,494**	43,818
Amount due to ultimate holding company		**216**	–
Borrowings		**–**	4,794
Finance lease payables		**2,801**	3,269
Current tax liabilities		**13,364**	7,371
		91,875	59,252
Net current assets		**209,053**	141,803
Total assets less current liabilities		**262,792**	198,105
Non-current liabilities			
Finance lease payables		**2,315**	2,003
Deferred tax liabilities		**6,515**	6,961
		8,830	8,964
NET ASSETS		**253,962**	189,141
Equity			
Share capital	12	**6,848**	10,010
Reserves		**247,114**	179,131
TOTAL EQUITY		**253,962**	189,141

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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 has listed its shares on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 11 November 2016.

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.

Pursuant to a group reorganisation (the "Reorganisation") carried out by the Group in preparation for the listing of shares of the Company on the Main Board of the Stock Exchange, and for the purpose of rationalising the Group's structure, the Company became the holding company of the subsidiaries now comprising the Group on 7 October 2016. Details of the Reorganisation are set out in the section headed "History and Development" to the Prospectus issued by the Company dated 31 October 2016.

2. BASIS OF PRESENTATION AND PREPARATION

The Reorganisation involved the combination of a number of entities engaged in the Group's business that were under common control before and after the Reorganisation. The Group is therefore regarded as a continuing entity resulting from the Reorganisation, as there has been a continuation of the risks and benefits to the ultimate controlling parties that existed prior to the Reorganisation.

Accordingly, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows of the Group for the years ended 31 March 2017 and 2016 have been prepared using the principles of merger accounting as if the current group structure had been in existence throughout those years, or since their respective dates of incorporation or establishment of the combining companies, or since the date when the combining companies first came under the common control, whichever was shorter. The consolidated statement of financial position of the Group as at 31 March 2016 have been prepared to present the assets and liabilities of the companies now comprising the Group at that date, as if the current group structure had been in existence as at that date. The assets and liabilities of the Group were combined using their carrying values. All significant intra-group transactions and balances have been eliminated on consolidation.

The consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), Hong Kong Accounting Standards ("HKASs") and Interpretations (hereinafter collectively referred to as the "HKFRSs") issued by Hong Kong Institute of Certified Public Accountants ("HKICPA") 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 Stock Exchange.

The consolidated financial statements have been prepared under the historical cost basis except for certain financial instruments, which are measured at fair value.

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 HKFRSs

(a) Adoption of new/revised HKFRSs – effective 1 April 2016

HKFRSs (Amendments)	Annual Improvements 2012-2014 Cycle
Amendments to HKAS 1	Disclosure Initiative
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to HKAS 27	Equity Method in Separate Financial Statements
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations

The adoption of these amendments has no material impact on the Group's financial statements.

(b) New/revised HKFRSs that have been issued but are not yet effective

The following new/revised HKFRSs, potentially relevant to the Group's financial statements, have been issued, but are not yet effective and have not been early adopted by the Group. The Group's current intention is to apply these changes on the date they become effective.

Amendments to HKAS 7	Disclosure Initiative[1]
HKFRS 9	Financial Instruments[2]
HKFRS 15	Revenue from Contracts with Customers[2]
Amendments to HKFRS 15	Revenue from Contracts with Customers (Clarifications to HKFRS 15)[2]
HKFRS 16	Leases[3]

1 Effective for annual periods beginning on or after 1 January 2017
2 Effective for annual periods beginning on or after 1 January 2018
3 Effective for annual periods beginning on or after 1 January 2019

Amendments to HKAS 7 – Disclosure Initiative

The amendments introduce an additional disclosure that will enable users of financial statements to evaluate changes in liabilities arising from financing activities.

The amendments will only affect financial statement disclosures and will not have any impact on the financial position or performance of the Group.

HKFRS 9 – Financial Instruments

HKFRS 9 introduces new requirements for the classification and measurement of financial assets. Debt instruments that are held within a business model whose objective is to hold assets in order to collect contractual cash flows (the business model test) and that have contractual terms that give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding (the contractual cash flow characteristics test) are generally measured at amortised cost. Debt instruments that meet the contractual cash flow characteristics test are measured at fair value through other comprehensive income ("FVTOCI") if the objective of the entity's business model is both to hold and collect the contractual cash flows and to sell the financial assets. Entities may make an irrevocable election at initial recognition to measure equity instruments that are not held for trading at FVTOCI. All other debt and equity instruments are measured at fair value through profit or loss ("FVTPL").

HKFRS 9 includes a new expected loss impairment model for all financial assets not measured at FVTPL replacing the incurred loss model in HKAS 39 and new general hedge accounting requirements to allow entities to better reflect their risk management activities in financial statements.

HKFRS 9 carries forward the recognition, classification and measurement requirements for financial liabilities from HKAS 39, except for financial liabilities designated at FVTPL, where the amount of change in fair value attributable to change in credit risk of the liability is recognised in other comprehensive income unless that would create or enlarge an accounting mismatch. In addition, HKFRS 9 retains the requirements in HKAS 39 for derecognition of financial assets and financial liabilities.

The directors of the Company anticipate that the application of HKFRS 9 may have a material impact on the Group's financial performance and financial position, including the classification categories and the measurement of financial assets, and disclosures. In particular, the new impairment requirements may result in earlier recognition of credit losses of the Group's trade and other receivables. The expected credit loss model under HKFRS 9 requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. Therefore, it is no longer necessary for a credit event to have occurred before credit losses are recognised. The measurement of the loss allowance generally depends on whether there has been a significant increase in credit risk since initial recognition of the instrument. HKFRS 9 requires an entity to recognise lifetime expected credit losses for all financial instruments for which there have been significant increases in credit risk since initial recognition considering all reasonable and supportable information, including that which is forward-looking. The directors of the Company are in the process of assessing the quantitative effect of these requirements, and accordingly it is not practicable to provide a reasonable estimate of the quantitative effect of HKFRS 9 until the assessment has been completed.

HKFRS 15 – Revenue from Contracts with customers and Amendments HKFRS 15 – Revenue from Contracts with Customers (Clarifications to HKFRS 15)

The new standard establishes a single revenue recognition framework. The core principle of the framework is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. HKFRS 15 supersedes existing revenue recognition guidance including HKAS 18 "Revenue", HKAS 11 "Construction Contracts" and related interpretations.

HKFRS 15 requires the application of a 5 steps approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to each performance obligation
- Step 5: Recognise revenue when each performance obligation is satisfied

HKFRS 15 includes specific guidance on particular revenue related topics that may change the current approach taken under HKFRS. The standard also significantly enhances the qualitative and quantitative disclosures related to revenue.

The directors of the Company preliminarily assess that the application of HKFRS 15 may have a significant impact on the Group's financial performance and financial position, as compared with the current accounting policy as follows:

1. The criteria in HKFRS 15 for identifying performance obligations differ from the little guidance in HKAS 11, which could result in different conclusions about the separately identifiable components. For example, the Group may currently consider an entire construction contract to be a single component, but under HKFRS 15, it may determine that the contract contains two or more performance obligations that would be accounted for separately. This may have a significant effect on the pattern of revenue and profit recognition.

2. It is common for the scope and/or price of the Group's construction contracts to be modified, due to changes in the scope of work or because additional services are added to the contracts. Under HKFRS 15, an entity must determine whether such modification creates a new contract or whether it will be accounted for as part of the existing contract. The determination of a new and separate contract is driven by whether the modification results in the addition of distinct services, priced at their stand-alone selling prices. These new requirements may result in significant changes to the pattern of revenue and profit recognition.

The directors of the Company are in the process of assessing the quantitative effect of these requirements, and accordingly it is not practicable to provide a reasonable estimate of the quantitative effect of HKFRS 15 until the assessment has been completed.

HKFRS 16 – Leases

HKFRS 16 replaces all existing lease accounting requirements and represents a significant change in the accounting and reporting of leases, with more assets and liabilities to be reported on the consolidated statement of financial position and a different recognition of lease costs.

Application of HKFRS 16 will result in the Group's recognition of right-of-use assets and corresponding liabilities in respect of its operating lease arrangements. These assets and liabilities are currently not required to be recognised.

The total future minimum lease payments under non-cancellable operating leases of the Group in respect of office premises as at 31 March 2017 amounted to approximately HK$4,345,000. The directors do not expect the adoption of HKFRS 16 as compared with the current accounting policy would result in significant impact on the Group's financial performance but it is expected that the Group has to separately recognise the interest expense on the lease liabilities and the depreciation expense on the right-of-use assets, and that certain portion of the future minimum lease payments under the Group's operating leases will be required to be recognised in the Group's consolidated statement of financial position as right-of-use assets and lease liabilities. The Group will also be required to remeasure the lease liabilities upon the occurrence of certain events (e.g. a change in the lease term) and recognise the amount of the remeasurement of the lease liabilities as an adjustment to the right-of-use assets. In addition, payments for the principal portion of the lease liabilities will be presented within financing activities in the Group's consolidated cash flow statement.

On the other hand, the adoption of HKFRS 16 does not substantially change how the Group accounts for its leases as a lessor in respect of machinery leasing.

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

The following table sets out the information about the geographical location of the Group's revenue from external customers, based on location of the customers.

The Group comprises the following main geographical segments:

	Revenue from external customers	
	2017	2016
	HK$'000	*HK$'000*
Hong Kong (place of domicile)	**403,266**	463,347
Macau	**–**	956
	403,266	464,303

All of the Group's non-current assets were located in Hong Kong, based on the location of assets. Therefore, no geographical information for non-current assets other than financial instruments ("Specified non-current assets") 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:

	2017	2016
	HK$'000	*HK$'000*
Customer A	**66,454**	102,849
Customer B	**40,665**	187,480
Customer C	*	93,959
Customer D	**130,273**	–

* 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:

	2017	2016
	HK$'000	*HK$'000*
Other income		
Interest income on		
–Bank deposits	**73**	126
–Investment in a life insurance policy	**102**	95
Total interest income from financial assets that are no fair value through profit or loss	**175**	221
Distributions from financial assets at fair value through profit or loss	**–**	39
Machinery rental income	**208**	2,505
Income from sale of scrap materials	**3,898**	–
Imputed interest on retention receivables	**1,468**	202
Sundry income	**209**	95
	5,958	3,062
Other gains and losses		
Foreign exchange loss, net	**(138)**	(285)
Gain on disposal of property, plant, and equipment	**2,770**	105
Loss on disposal of financial assets at fair value through profit or loss	**–**	(28)
	2,632	(208)

6. OPERATING PROFIT

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

	2017	2016
	HK$'000	*HK$'000*
Auditors' remuneration	**720**	119
Depreciation	**14,649**	15,686
Operating lease rentals in respect of:		
– Land and buildings	**2,355**	2,273
– Plant and equipment	**6,977**	10,545
Employee benefit expenses	**67,936**	72,068
Provision for impairment of other receivable	**284**	–
Listing expenses	**8,729**	4,351

7. INCOME TAX EXPENSE

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

	2017	2016
	HK$'000	*HK$'000*
Current tax – Hong Kong profits tax		
– charge for the year	**10,214**	7,836
Deferred tax (credit)/expense	**(446)**	1,759
Income tax expense	**9,768**	9,595

Hong Kong profits tax is calculated at 16.5% (2016: 16.5%) of the estimated assessable profits during the year.

The income tax expense for the year applicable to profit before income tax expense 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:

	2017	2016
	HK$'000	*HK$'000*
Profit before income tax expense	**46,213**	49,546
Tax calculated at the applicable statutory tax rate for Hong Kong of 16.5%	**7,625**	8,175
Tax effect of share of loss of a joint venture	**1**	161
Tax effect of income not subject to tax	**(18)**	(146)
Tax effect of expense not deductible for tax purpose	**2,200**	1,407
Tax effect of tax losses not recognised	**–**	18
Tax reduction enacted by the local authority	**(40)**	(20)
Income tax expense at the effective tax rate	**9,768**	9,595

8. DIVIDENDS

During the year ended 31 March 2017, interim dividends of HK$800 per ordinary share or in aggregate of HK$80,000,000 were declared by a subsidiary of the Company, Simon & Sons Engineering Limited to its then shareholders prior to the completion of the Reorganisation. Part of the interim dividends amounting to approximately HK$19,831,000 was settled by way of offsetting against the net outstanding amounts due from directors, and the remaining interim dividend amounting to approximately HK$60,169,000 was paid in cash.

No dividend has been paid or declared by the Company since its date of incorporation.

9. EARNINGS PER SHARE

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

	2017	2016
	HK$'000	*HK$'000*
Earnings		
Earnings for the purpose of basic earnings per share	**36,445**	39,951

	2017	2016
	Number of shares	Number of shares
	'000	*'000*
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share (Note)	**597,629**	545,000

Note:

Weighted average of 545,000,000 ordinary shares for the year ended 31 March 2016, being the number of shares in issue immediately after the completion of capitalisation issue of shares as detailed in Note 12(iii), are deemed to have been issued throughout the year ended 31 March 2016 and up to 10 November 2016, immediately before the completion of the public offer and placing of shares during the year ended 31 March 2017.

Weighted average of approximately 597,629,000 ordinary shares for the year ended 31 March 2017 is calculated based on the weighted average of approximately 52,629,000 ordinary shares issued upon the share offer and exercise of the over-allotment option during the year ended 31 March 2017, in addition to the aforementioned 545,000,000 ordinary shares for the year ended 31 March 2016.

Diluted earnings per share is same as basic earnings per share as there was no potential dilutive ordinary shares for the years ended 31 March 2017 and 2016.

10. TRADE AND OTHER RECEIVABLES

	2017	2016
	HK$'000	*HK$'000*
Trade receivables	**20,620**	18,806
Retention receivables	**43,646**	40,792
Other receivables	**6,436**	2,247
Prepayments and deposits	**6,470**	2,818
	77,172	64,663
Less: non-current portion		
Deposits paid for acquisition of plant and machinery	**(3,199)**	–
Total current portion	**73,973**	64,663

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:

	2017	2016
	HK$'000	*HK$'000*
Less than 1 month	**20,090**	16,748
1 to 3 months	**–**	1,703
More than 3 months but less than one year	**530**	355
	20,620	18,806

11. TRADE AND OTHER PAYABLES

	2017	2016
	HK$'000	*HK$'000*
Trade payables	**41,361**	22,587
Retention payables	**21,812**	11,321
Other payables and accruals	**12,321**	9,910
	75,494	43,818

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

	2017	2016
	HK$'000	*HK$'000*
Current or less than 1 month	**30,302**	14,944
1 to 3 months	**10,476**	7,336
More than 3 months but less than one year	**343**	7
More than one year	**240**	300
	41,361	22,587

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

12. SHARE CAPITAL

	Notes	Number of ordinary shares	Amount HK$'000
Authorised:			
Ordinary shares of HK$0.01 each			
At the date of incorporation, 23 March 2016 and 31 March 2016		38,000,000	380
Increase in authorised share capital upon the Reorganisation	(i)	1,962,000,000	19,620
At 31 March 2017		2,000,000,000	20,000
Issued and fully paid:			
Ordinary shares of HK$0.01 each			
At the date of incorporation, 23 March 2016 and 31 March 2016		1	–
Issue of shares upon group reorganisation	(ii)	9,999	–
Capitalisation issue of shares	(iii)	544,990,000	5,450
Issue of shares by way of public offer and placing	(iv)	115,000,000	1,150
Issue of shares upon exercise of the over-allotment option	(v)	24,750,000	248
At the 31 March 2017	(vi)	684,750,000	6,848

Notes:

(i) Pursuant to a written resolution of the then sole shareholder of the Company passed on 24 October 2016, the authorised share capital of the Company was increased from HK$380,000 divided into 38,000,000 shares of HK$0.01 each to HK$20,000,000 divided into 2,000,000,000 shares of HK$0.01 each by the creation of additional 1,962,000,000 shares.

(ii) On 7 October 2016, 9,999 shares of the Company, all credited as fully paid at par, were allotted and issued to the ultimate holding company as consideration for the acquisition of the entire issued share capital of Favourable Year Limited, a wholly owned subsidiary of the Company.

(iii) Pursuant to a written resolution of the then sole shareholder of the Company passed on 24 October 2016, the directors were authorised to capitalise a sum of approximately HK$5,450,000 from the amount standing to the credit of the share premium account of the Company and applied such amount to pay up in full at par of 544,990,000 ordinary shares of the Company ("Capitalisation Issue") issued to Creative Elite Global Limited, the controlling shareholder of the Company.

(iv) On 11 November 2016, the Company's shares were listed on the Main Board of the Stock Exchange and 115,000,000 new shares of the Company were issued for a cash consideration of HK$0.80 per share.

(v) On 1 December 2016, the over-allotment option was exercised by the Bookrunner, C.P. Securities International Limited, whereby 24,750,000 new shares of the Company were issued for a cash consideration of HK$0.80 per share on 2 December 2016.

(vi) The share capital of the Group as at 31 March 2016 represents the aggregate amount of the share capital of the subsidiaries and such amount was offset against the merger reserve upon the Reorganisation. On 7 October 2016, the Reorganisation was completed, and therefore the share capital presented as at 31 March 2017 represented the issued share capital of the Company.

13. LITIGATIONS

At the end of the reporting period, there were a number of labour claims arising from the normal course of business being lodged against the Group and no specific claim amount has been specified in the applications of these claims. In the opinion of the directors, the possibility of any outflow of resources in settling these claims were remote and therefore the ultimate liability under these claims would not have a material adverse impact on the financial position or results of the Group.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND PROSPECTS

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).

There is a keen market competition in the foundation works industry in Hong Kong, with increasing number of market players, and reducing projects available in the market due to the filibustering in the Legislative Council causing delays in funding approval for public works projects. As such, the Group has to adjust its tendering strategy by lowering its profit margin in bidding and getting new contracts.

Nevertheless, looking forward, we are conservatively positive to the prospects and long term demand in the foundation works industry especially taking into account that the Hong Kong Government has proposed to invest approximately HK$107.2 billion in infrastructure projects in Hong Kong.

To cope with the abovementioned challenges, the Group will continue to implement stringent measures on project cost control, strengthen its project management system and enhance its production efficiency, in order to maintain its current profit margin. The Directors consider that the successful Listing has greatly promoted the Group's corporate image in Hong Kong. With the Group's good reputation and relationship with the customers and business partners in the foundation industry, we are confident that the Group will continue to grow and develop in spite of the challenges we are facing in the foundation works industry currently.

FINANCIAL REVIEW

Revenue

The Group's total revenue for the Year was approximately HK$403,266,000 (for the Previous Year: approximately HK$464,303,000), representing a decrease of approximately 13.1% over the Previous Year. The decrease was mainly due to the keen competition in the market and the delay in commencement date of several foundation works projects.

Gross Profit Margin

The Group's gross profit margin during the Year was approximately 17.9% (for the Previous Year: approximately 15.9%). The increase in gross profit margin was mainly due to the relatively higher profit margin of the projects during the Year, coupled with the continuing successful implementation of stringent project cost control policies by the Group.

General and Administrative Expenses

The Group's administrative expenses for the Year were approximately HK$33,628,000 (for the Previous Year: approximately HK$25,147,000), representing an increase of approximately 33.7% over the Previous Year. This was mainly attributable to (i) increase in the one-off non-recurring listing expenses of approximately HK$4,378,000; (ii) increase in legal and professional fee of approximately HK$2,418,000; and (iii) increase in charity donation of HK$1,021,000 during the Year as compared to the Previous Year.

Income Tax Expense

The Group's income tax expense for the Year was approximately HK$9,768,000 (for the Previous Year: approximately HK$9,595,000). The slightly increase was primarily due to the increase in non tax-deductible expenses in the Year. The Group's effective tax rate slightly increased from 19.4% for the Previous Year to 21.1% for the Year.

Net Profit

For the Year, the Group recorded a net profit of approximately HK$36,445,000 (for the Previous Year: approximately HK$39,951,000), representing a decrease of approximately 8.8% as compared with the Previous Year. The decrease was mainly attributable to the decrease in revenue and the one-off non-recurring listing expenses incurred during the Year.

Liquidity, Financial Resources and Capital Structure

The Group has funded the liquidity and capital requirements primarily through capital contributions from shareholders, bank borrowings, cash inflows from operating activities and proceeds received from the Listing.

As at 31 March 2017, the Group had bank balances of approximately HK$70.6 million (as at 31 March 2016: approximately HK$52.7 million). The interest-bearing debts of the Group as at 31 March 2017 was approximately HK$5.1 million (as at 31 March 2016: approximately HK$10.1 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 2017 was approximately 2.0% (as at 31 March 2016: approximately 5.3%), as a result of the increased equity following the Listing.

Pledge of Assets

The Group's plant and machinery and motor vehicles with an aggregate net book value of approximately HK$14.7 million and HK$18.7 million as at 31 March 2017 and 31 March 2016, respectively, were held under finance leases.

As at 31 March 2017, banking facilities were secured by the Group's bank deposits amounting to approximately HK$14,049,000 (as at 31 March 2016: HK$14,007,000).

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 2017, the Group employed 134 employees. Total remuneration costs including directors' emoluments for the Year, amounted to approximately HK$67.9 million (for the Previous Year: approximately HK$72.1 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 had capital commitment amounted to approximately HK$7.5 million as at 31 March 2017 (as at 31 March 2016: Nil).

Contingent Liabilities

As at 31 March 2017, the Group did not have any significant contingent liabilities.

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 the announcement:

	Planned use of proceeds *HK$'000*	**Actual usage up to the date of this announcement** *HK$'000*
Purchase of machinery and equipment	67,048	9,914
Taking out surety bond	19,466	–
Expansion of workforce	7,299	1,083
General working capital	1,512	1,512
	95,325	12,509

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. Siu Miu Man.

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 2017. 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, BDO Limited, to the amounts set out in the Group's audited consolidated financial statements for the Year. The work performed by BDO 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 BDO Limited on this announcement.

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, 30 June 2017

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, Mr. Chan Sau Man Simon as non-executive Director and honorary chairman, and Mr. Li Hon Hung, BBS, MH, JP, Mr. Siu Miu Man and Mr. Cheng Chi Hung as independent non-executive Directors.