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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 ANNUAL RESULTS FOR THE YEAR ENDED 31 MARCH 2018

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 2018 (the "**Year**"), together with the comparative audited figures for the year ended 31 March 2017 (the "**Previous Year**").

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2018

	Notes	**2018** **HK$'000**	2017 *HK$'000*
Revenue	5	**220,240**	403,266
Cost of services		**(212,524)**	(331,273)
Gross profit		**7,716**	71,993
Other income	5	**1,412**	5,958
Other gains and losses	5	**1,077**	2,632
Share of loss of a joint venture		**(36)**	(5)
Administrative expenses		**(40,456)**	(33,628)
Operating (loss)/profit	6	**(30,287)**	46,950
Finance costs		**(333)**	(737)
(Loss)/profit before income tax expense		**(30,620)**	46,213
Income tax credit/(expense)	7	**4,904**	(9,768)
(Loss)/profit for the year		**(25,716)**	36,445
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**	10
Exchange differences on translating a foreign operation		**30**	(39)
Other comprehensive income for the year, net of tax		**37**	(29)
Total comprehensive income for the year		**(25,679)**	36,416
		HK cents	*HK cents*
(Loss)/earnings per share			
– Basic and diluted	9	**(3.76)**	6.10

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2018

	Notes	2018 HK$'000	2017 HK$'000
Non-current assets			
Property, plant and equipment		**45,808**	48,117
Deposits paid for acquisition of plant and machinery		**–**	3,199
Prepayment	10	**383**	–
Interest in a joint venture		**–**	36
Investment in a life insurance policy		**2,488**	2,387
		48,679	53,739
Current assets			
Inventories		**6,963**	8,363
Amounts due from customers for contract work		**78,908**	133,825
Trade and other receivables	10	**49,467**	73,973
Pledged bank deposits		**18,126**	14,049
Cash and cash equivalents		**50,091**	70,592
Tax recoverable		**6,724**	126
		210,279	300,928
Current liabilities			
Trade and other payables	11	**23,683**	75,494
Amount due to ultimate holding company		**–**	216
Finance lease payables		**1,754**	2,801
Current tax liabilities		**2,979**	13,364
		28,416	91,875
Net current assets		**181,863**	209,053
Total assets less current liabilities		**230,542**	262,792
Non-current liabilities			
Finance lease payables		**561**	2,315
Deferred tax liabilities		**1,698**	6,515
		2,259	8,830
NET ASSETS		**228,283**	253,962
Equity			
Share capital	12	**6,848**	6,848
Reserves		**221,435**	247,114
TOTAL EQUITY		**228,283**	253,962

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

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")

(a) Adoption of new/revised HKFRSs – effective 1 April 2017

Amendments to HKAS 7	Disclosure Initiative
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses
Annual Improvements to HKFRSs 2014-2016 Cycle	Amendments to HKFRS 12, Disclosure of Interests in Other Entities

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 adoption of the amendments has led to the additional disclosure presented in the note to the consolidated statement of cash flows.

Amendments to HKAS 12 – Recognition of Deferred Tax Assets for Unrealised Losses

The amendments relate to the recognition of deferred tax assets and clarify some of the necessary considerations, including how to account for deferred tax assets related to debt instruments measured of fair value.

The adoption of the amendments has no impact on these financial statements as the clarified treatment is consistent with the manner in which the Group has previously recognised deferred tax assets.

Annual Improvements to HKFRSs 2014-2016 Cycle – Amendments to HKFRS 12, Disclosure of Interests in Other Entities

The amendments issued under the annual improvements process make small, non-urgent changes to standards where they are currently unclear. They include amendments to HKFRS 12, Disclosure of Interests in Other Entities, to clarify that the disclosure requirements of HKFRS 12, other than the requirements to disclose summarised financial information, also apply to an entity's interests in other entities classified as held for sale or discontinued operations in accordance with HKFRS 5, Non-Current Assets Held for Sale and Discontinued Operations.

The adoption of the amendments to HKFRS 12 has no impact on these financial statements as the Group does not have interests in other entities classified as held for sale or discontinued operations in accordance with HKFRS 5.

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

The following new/revised HKFRSs, potentially relevant to the Group's consolidated 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.

Annual Improvements to HKFRSs 2014-2016 Cycle	Amendments to HKFRS 1, First-time adoption of Hong Kong Financial Reporting Standards[1]
Amendments to HKAS 40	Transfers of Investment Property[1]
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions[1]
HKFRS 9	Financial Instruments[1]
HKFRS 15	Revenue from Contracts with Customers[1]
Amendments to HKFRS 15	Revenue from Contracts with Customers (Clarifications to HKFRS 15)[1]
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instrument with HKFRS 4 Insurance Contracts[1]
HK(IFRIC)-Interpretation 22	Foreign Currency Transactions and Advance Consideration[1]
Amendments to HKFRS 9	Prepayment Features with Negative Compensation[2]
HKFRS 16	Leases[2]
HKFRSs (Amendments)	Annual Improvements to HKFRSs 2015-2017 Cycle[2]
HK(IFRIC)-Interpretation 23	Uncertainty over Income Tax Treatments[2]
Amendments to HKFRS 10 and HKAS 28	Sole or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
HKFRS 17	Insurance Contracts[4]

[1] Effective for annual periods beginning on or after 1 January 2018
[2] Effective for annual periods beginning on or after 1 January 2019
[3] Effective for annual periods beginning on or after a date to be determined
[4] Effective for annual periods beginning on or after 1 January 2021

The Group is in the process of making an assessment of the potential impacts of these new and revised HKFRSs on the financial statements of the Group in the initial application and the expected impacts on the Group's financial performance and position are set out below:

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 Group expects to adopt HKFRS 9 from its financial period beginning on 1 April 2018. The directors of the Company consider that the adoption of HKFRS 9 may have an impact on the classification of its financial assets and the new impairment requirements under HKFRS 9 will 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 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.

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 amendments to HKFRS 15 included clarifications on identification of performance obligations; application of principal versus agent; licenses of intellectual property; and transition requirements.

Based on the preliminary assessment by the directors of the Company, the adoption of HKFRS 15 may have an impact on the accounting for construction contracts. The directors of the Company considers HKFRS 15's guidance on contract combinations, contract modifications, and the assessment of whether there is significant financing component in the contracts, particularly taking into account the reason for the difference in timing between the transfer of control of goods and services to customers and timing of related payments. These new requirements may result in significant changes to the pattern of revenue and profit recognition. However, further analysis is required to determine whether this change in accounting policy may have a material impact on the amounts reported in any given financial reporting period. As the Group has not completed its assessment, further impacts may be identified.

HK(IFRIC)–Interpretation 22 – Foreign Currency Transactions and Advance Consideration

The Interpretation provides guidance on determining the date of the transaction for determining an exchange rate to use for transactions that involve advance consideration paid or received in a foreign currency and the recognition of a non-monetary asset or non-monetary liability. The Interpretations specifies that the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part thereof) is the date on which the entity initially recognises the non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration.

The interpretation will not have material impact on the financial performance or position of the Group.

Amendments to HKFRS 9 – Prepayment Features with Negative Compensation

The amendments clarify that prepayable financial assets with negative compensation can be measured at amortised cost or at fair value through other comprehensive income if specified conditions are met – instead of at fair value through profit or loss.

These amendments will not have material impact on the financial performance or position of the Group.

HKFRS 16 – Leases

HKFRS 16, which upon the effective date will supersede HKAS 17 "Leases "and related interpretations, introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more 12 months, unless the underlying asset is of low value. Specifically, under HKFRS 16, a lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. Accordingly, a lessee should recognise depreciation of the right-of-use asset and interest on the lease liability, and also classifies cash repayments of the lease liability into a principal portion and an interest portion and presents them in the statement of cash flows. Also, the right-of-use asset and the lease liability are initially measured on a present value basis. The measurement includes non-cancellable lease payments and also includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease, or to exercise an option to terminate the lease. This accounting treatment is significantly different from the lessee accounting for leases that are classified as operating leases under the predecessor standard, HKAS 17.

In respect of the lessor accounting, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

The total future minimum lease payments under non-cancellable operating leases of the Group in respect of office premises as at 31 March 2018 amounted to approximately HK$4,983,000. The directors of the Company 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 statement of cash flows.

HK(IFRIC)-Interpretation 23 – Uncertainty over Income Tax Treatments

The Interpretation supports the requirements of HKAS 12, Income Taxes, by providing guidance over how to reflect the effects of uncertainty in accounting for income taxes. Under the Interpretation, the entity shall determine whether to consider each uncertain tax treatment separately or together based on which approach better predicts the resolution of the uncertainty. The entity shall also assume the tax authority will examine amounts that it has a right to examine and have full knowledge of all related information when making those examinations. If the entity determines it is probable that the tax authority will accept an uncertain tax treatment, then the entity should measure current and deferred tax in line with its tax filings. If the entity determines it is not probable, then the uncertainty in the determination of tax is reflected using either the "most likely amount" or the "expected value" approach, whichever better predicts the resolution of the uncertainty.

The interpretation will not have material impact on the financial performance or position of the Group.

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:

	2018	2017
	HK$'000	*HK$'000*
Customer A	*	66,454
Customer B	–	40,665
Customer C	**33,912**	*
Customer D	*	130,273
Customer E	**26,037**	–
Customer F	**30,211**	*

* 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:

	2018	2017
	HK$'000	*HK$'000*
Other income		
Interest income on		
– Bank deposits	**44**	73
– Investment in a life insurance policy	**101**	102
Total interest income from financial assets that are not at fair value through profit or loss	**145**	175
Machinery rental income	**657**	208
Income from sale of scrap materials	**13**	3,898
Imputed interest on retention receivables	**398**	1,468
Sundry income	**199**	209
	1,412	5,958
Other gains and losses		
Foreign exchange gain/(loss), net	**28**	(138)
Gain on disposal of property, plant and equipment	**1,049**	2,770
	1,077	2,632

6. OPERATING (LOSS)/PROFIT

The Group's operating (loss)/profit is arrived at after charging:

	2018	2017
	HK$'000	*HK$'000*
Auditor's remuneration	**719**	720
Depreciation	**12,745**	14,649
Operating lease rentals in respect of:		
– Land and buildings	**2,444**	2,355
– Plant and equipment	**1,515**	6,977
Employee benefit expenses	**49,362**	67,936
Impairment of amounts due from customers for contract work	**7,808**	–
Provision for impairment of other receivable	**–**	284
Listing expenses	**–**	8,729

7. INCOME TAX CREDIT/(EXPENSE)

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

	2018	2017
	HK$'000	*HK$'000*
Current tax – Hong Kong profits tax		
– charge for the year	**(179)**	(10,214)
– over-provision in respect of prior years	**266**	–
Deferred tax credit	**4,817**	446
Income tax credit/(expense)	**4,904**	(9,768)

Hong Kong profits tax is calculated at 16.5% (2017: 16.5%) of the estimated assessable profits during the year.

The income tax credit/(expense) for the year applicable to (loss)/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:

	2018	2017
	HK$'000	*HK$'000*
(Loss)/profit before income tax expense	**(30,620)**	46,213
Tax calculated at the applicable statutory tax rate for Hong Kong of 16.5%	**5,052**	(7,625)
Tax effect of share of loss of a joint venture	**(6)**	(1)
Tax effect of income not subject to tax	**32**	18
Tax effect of expense not deductible for tax purpose	**(470)**	(2,200)
Tax reduction enacted by the local authority	**30**	40
Over provision in respect of prior years	**266**	–
Income tax credit/(expense) at the effective tax rate	**4,904**	(9,768)

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 ("S&S Engineering") 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. (LOSS)/EARNINGS PER SHARE

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

	2018	2017
	HK$'000	*HK$'000*
(Loss)/earnings		
(Loss)/profit for the year attributable to owners of the Company	**(25,716)**	36,445

	2018	2017
	Number of shares	Number of shares
	'000	*'000*
Number of shares		
Weighted average number of ordinary shares for the purpose of basic (loss)/earnings per share *(Note)*	**684,750**	597,629

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

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 respectively during the year ended 31 March 2017, in addition to 545,000,000 ordinary shares being the number of shares in issue immediately after the completion of capitalisation issue of shares. Aforementioned 545,000,000 ordinary shares are deemed to have been issued from the beginning of the previous financial year 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.

Diluted (loss)/earnings per share is same as basic (loss)/earnings per share as there was no potential dilutive ordinary shares for the years ended 31 March 2018 and 2017.

10. TRADE AND OTHER RECEIVABLES

	2018	2017
	HK$'000	*HK$'000*
Trade receivables	**17,058**	20,620
Retention receivables	**19,224**	43,646
Other receivables	**2,438**	6,436
Prepayments and deposits	**11,130**	6,470
	49,850	77,172
Less: Non-current portion		
Deposits paid for acquisition of plant and machinery	**–**	(3,199)
Prepayment	**(383)**	–
Current portion	**49,467**	73,973

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:

	2018	2017
	HK$'000	*HK$'000*
Less than 1 month	**13,309**	20,090
1 to 3 months	**3,726**	–
More than 3 months but less than one year	**–**	530
Over one year	**23**	–
	17,058	20,620

11. TRADE AND OTHER PAYABLES

	2018	2017
	HK$'000	*HK$'000*
Trade payables	**9,447**	41,361
Retention payables	**8,078**	21,812
Other payables and accruals	**6,158**	12,321
	23,683	75,494

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

	2018	2017
	HK$'000	*HK$'000*
Current or less than 1 month	**3,730**	30,302
1 to 3 months	**4,171**	10,476
More than 3 months but less than one year	**1,447**	343
More than one year	**99**	240
	9,447	41,361

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 1 April 2016		38,000,000	380
Increase in authorized share capital upon the Reorganisation	(i)	1,962,000,000	19,620
At 31 March 2017, 1 April 2018 and 31 March 2018		2,000,000,000	20,000
Issued and fully paid:			
Ordinary shares of HK$0.01 each			
At 1 April 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 31 March 2017, 1 April 2018 and 31 March 2018		684,750,000	6,848

Note:

(i) Pursuant to a written resolution 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.

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 Group has sufficient insurance coverage to cover the loss, if any, arising from these claims and therefore the ultimate liability under these claims and possible outflow of resources in settling these claims 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 2018, there are nine projects on hand with total contract sum amounting to approximately HK$435.1 million. Six projects are expected to be completed in the forthcoming financial year. Subsequent to the financial year end, the Group was awarded three foundation projects with total contract sum amounting to approximately HK$105.9 million.

PROSPECTS

Due to certain delays in the progress of approving infrastructure projects by the Legislative Council of Hong Kong and the Finance Committee of the Legislative Council of Hong Kong in the past few years, there has been reducing projects available in the construction works market which has driven more intense competition within the construction industry. Furthermore, there have been shortage of construction labour and rise of construction costs in recent years. The combined impact of the above factors leads to the dilution in the profit margin of our construction works projects.

To maintain our competitive edges, 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 particular, the Group has been engaged to provide general building works services in a project and such general building works is expected to commence in the second half of 2018. 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$220,240,000 (for the Previous Year: approximately HK$403,266,000), representing a decrease of approximately 45.4% over the Previous Year. The decrease was mainly due to the delay in commencement of our works in a foundation works project with a contract amount of approximately HK$198.0 million. Such foundation works project was awarded to the Group in October 2017 with the handover of relevant work site to the Group in December 2017. Nevertheless, our site works can only be commenced in early June 2018 due to the delay of obtaining relevant approvals from government authorities by our customer.

Gross Profit Margin

The Group's gross profit margin during the Year was approximately 3.5% (for the Previous Year: approximately 17.9%). The decrease in gross profit margin was mainly due to the significant decline in revenue and the relatively lower profit margin of the projects during the Year.

General and Administrative Expenses

The Group's administrative expenses for the Year were approximately HK$40,456,000 (for the Previous Year: approximately HK$33,628,000), representing an increase of approximately 20.3% over the Previous Year. This was mainly attributable to increase in impairment of amounts due from customers for contract work of approximately HK$7,808,000 during the Year as compared to the Previous Year.

Income Tax Credit/Expense

The Group's income tax credit for the Year was approximately HK$4,904,000 (income tax expense for the Previous Year: approximately HK$9,768,000).

Net Loss/Profit

As a result of the abovementioned, the Group reported a net loss for the year of approximately HK$25,716,000 (net profit for the Previous Year: approximately HK$36,445,000).

Liquidity, Financial Resources and Capital Structure

As at 31 March 2018, the Group had bank balances of approximately HK$50.1 million (as at 31 March 2017: approximately HK$70.6 million). The interest-bearing debts of the Group as at 31 March 2018 was approximately HK$2.3 million (as at 31 March 2017: approximately HK$5.1 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 2018 was approximately 1.0% (as at 31 March 2017: approximately 2.0%), 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$6.3 million and HK$14.7 million as at 31 March 2018 and 31 March 2017, respectively, were held under finance leases.

As at 31 March 2018, banking facilities were secured by the Group's bank deposits amounting to approximately HK$18,126,000 (as at 31 March 2017: HK$14,049,000).

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 2018, the Group employed 83 employees. Total remuneration costs including directors' emoluments for the Year, amounted to approximately HK$49.4 million (for the Previous Year: approximately HK$67.9 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 2018 (as at 31 March 2017: approximately HK$7.5 million).

Contingent Liabilities

As at 31 March 2018, the Group did not have any significant contingent liabilities (as at 31 March 2017: 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 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	14,039
Taking out surety bond	19,466	19,466
Expansion of workforce	7,299	6,002
General working capital	1,512	1,512
	95,325	41,019

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 2018. 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, 27 June 2018

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. Cheng Chi Hung and Mr. Wong Yip Kong as independent non-executive Directors.