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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 2021

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 2021 (the “**Year**”), together with the comparative audited figures for the year ended 31 March 2020 (the “**Previous Year**”).

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2021

	<i>Notes</i>	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Revenue	4	279,022	351,944
Cost of services		<u>(272,193)</u>	<u>(336,827)</u>
Gross profit		6,829	15,117
Other income	4	7,441	3,637
Other net gains and losses	4	(2,565)	9,565
Administrative expenses		<u>(25,392)</u>	<u>(26,638)</u>
(Loss)/profit from operation	5	(13,687)	1,681
Finance costs	6	<u>(788)</u>	<u>(350)</u>
(Loss)/profit before taxation		(14,475)	1,331
Income tax	8	<u>–</u>	<u>–</u>
(Loss)/profit for the year		<u>(14,475)</u>	<u>1,331</u>
Other comprehensive expense for the year			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Exchange differences on translating a foreign operation		<u>–</u>	<u>(1)</u>
Other comprehensive expense for the year		<u>–</u>	<u>(1)</u>
Total comprehensive (expense)/income for the year		<u>(14,475)</u>	<u>1,330</u>
		<i>HK cents</i>	<i>HK cents</i>
(Loss)/Earnings per share			
– Basic and diluted	10	<u>(2.11)</u>	<u>0.19</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2021

	<i>Notes</i>	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Non-current assets			
Property, plant and equipment		55,634	45,221
Right-of-use assets		14,348	3,171
Financial asset at fair value through profit or loss		2,676	2,614
Rental deposit		220	–
Deposit paid for acquisition of property, plant and equipment		976	–
		73,854	51,006
		73,854	51,006
Current assets			
Inventories		4,286	7,202
Contract assets		103,028	130,495
Trade and other receivables	11	53,531	40,456
Tax recoverable		–	71
Pledged bank deposits		19,216	20,689
Cash and cash equivalents		21,780	23,044
		201,841	221,957
		201,841	221,957
Current liabilities			
Trade and other payables	12	87,995	91,410
Lease liabilities		5,336	1,269
Bank loan		19,459	8,795
		112,790	101,474
		112,790	101,474
Net current assets		89,051	120,483
Total assets less current liabilities		162,905	171,489
Non-current liabilities			
Lease liabilities		7,835	1,944
		7,835	1,944
		7,835	1,944
NET ASSETS		155,070	169,545
Equity			
Share capital		6,848	6,848
Reserves		148,222	162,697
		155,070	169,545
TOTAL EQUITY		155,070	169,545

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

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.

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.

Statement of compliance

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 “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”).

2. APPLICATION OF NEW AND AMENDMENTS TO HKFRSs

(a) Amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the *Amendments to References to the Conceptual Framework in HKFRS Standards* and the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) for the first time, which are mandatorily effective for the Group’s annual period beginning on or after 1 April 2020 for the preparation of the consolidated financial statements:

Amendments to HKAS 1 and HKAS 8	Definition of Material
Amendments to HKFRS 3	Definition of a Business
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform

The application of the *Amendments to References to the Conceptual Framework in HKFRS Standards* and the amendments to HKFRSs in the current year had no material impact on the Group’s financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

(b) New and amendments to HKFRSs in issue but not yet effective

The Group has not early applied the following new and amendments to HKFRSs that have been issued but are not yet effective:

HKFRS 17	Insurance Contracts and the related Amendments ⁵
Amendments to HKFRS 3	Reference to the Conceptual Framework ⁴
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform — Phase 2 ²
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ⁶
Amendment to HKFRS 16	Covid-19-Related Rent Concessions ¹
Amendment to HKFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021 ³
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) ⁵
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies ⁵
Amendments to HKAS 8	Definition of Accounting Estimates ⁵
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction ⁵
Amendments to HKAS 16	Property, Plant and Equipment — Proceeds before Intended Use ⁴
Amendments to HKAS 37	Onerous Contracts — Cost of Fulfilling a Contract ⁴
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018–2020 ⁴

¹ Effective for annual periods beginning on or after 1 June 2020

² Effective for annual periods beginning on or after 1 January 2021

³ Effective for annual periods beginning on or after 1 April 2021

⁴ Effective for annual periods beginning on or after 1 January 2022

⁵ Effective for annual periods beginning on or after 1 January 2023

⁶ Effective for annual periods beginning on or after a date to be determined

The directors do not anticipate that the application of new and amendments to HKFRSs will have material impact on the Group's consolidated financial statements.

3. SEGMENT INFORMATION

(i) Operating segments

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

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

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

(ii) 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.

(iii) 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:

	2021	2020
	HK\$’000	HK\$’000
Customer A	– (Note)	172,920
Customer B	– (Note)	30,033
Customer C	72,233	74,950
Customer D	62,954	– (Note)
Customer E	59,152	– (Note)
Customer F	27,954	–

Note: The corresponding revenue did not contribute over 10% of the total revenue of the Group.

4. REVENUE, OTHER INCOME AND OTHER NET GAINS AND LOSSES

a) Revenue

As at 31 March 2021, the aggregated amount of the transaction price allocated to the remaining performance obligations under the Group's existing contracts is approximately HK\$179,964,000 (2020: HK\$220,990,000).

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

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

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
b) Other income		
Interest income on bank deposits	<u>60</u>	<u>152</u>
Total interest income from financial assets that are not at fair value through profit or loss	60	152
Machinery rental income	1,632	3,006
Government subsidies (<i>note</i>)	4,058	–
Income from sale of scrap materials	499	–
Compensation from insurance claim	385	–
Sundry income	<u>807</u>	<u>479</u>
	<u><u>7,441</u></u>	<u><u>3,637</u></u>
c) Other net gains and losses		
Gain on disposal of property, plant, and equipment	6,547	8,665
Gain on fair value changes in financial asset at FVTPL	62	47
Reverse of allowance for credit loss, net of recognised:		
– Trade receivables	–	2,182
– Contract assets	<u>(9,174)</u>	<u>(1,329)</u>
	<u><u>(2,565)</u></u>	<u><u>9,565</u></u>

Note: During the years ended 31 March 2021, the Group recognised government grants of approximately HK\$4,058,000 in respect of Covid-19-related subsidies (2020: nil).

5. (LOSS)/PROFIT FROM OPERATION

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

	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
Auditors' remuneration	430	430
Depreciation		
– Owned property, plant and equipment	12,520	11,950
– Right-of-use assets	2,900	977
	15,420	12,927
Expenses related to short term leases of premises	12,654	1,733
Staff costs (<i>Note 7</i>)	68,260	64,628

6. FINANCE COSTS

	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
Interest on lease liabilities	236	122
Interest on bank overdrafts	8	10
Interest on bank loan	544	218
	788	350

7. STAFF COSTS

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Contribution to defined contribution retirement plan	2,006	1,873
Salaries, wages and other benefits	<u>66,254</u>	<u>62,755</u>
	<u><u>68,260</u></u>	<u><u>64,628</u></u>

8. INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Taxation in the consolidated statement of profit or loss and other comprehensive income represents:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Current tax		
– charge for the year	–	–
– over provision in respect of prior years	–	–
Deferred tax credit	<u>–</u>	<u>–</u>
Income tax credit	<u><u>–</u></u>	<u><u>–</u></u>

Notes:

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

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

For the years ended 31 March 2021 and 2020, Hong Kong Profits Tax of the qualified entity of the Group is calculated in accordance with the two-tiered profits tax rates regime. The profits of other group entities in Hong Kong not qualifying for the two-tiered profits tax rates regime will continue to be taxed at the flat rate of 16.5%.

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

No provision for Hong Kong Profits Tax has been provided for the year ended 31 March 2021 as the Group had no assessable profits for the year.

9. DIVIDENDS

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

10. (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:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
(Loss)/earnings		
(Loss)/profit for the year attributable to owners of the Company	<u><u>(14,475)</u></u>	<u><u>1,331</u></u>
	2021 <i>Number of</i> <i>shares</i> <i>'000</i>	2020 <i>Number of</i> <i>shares</i> <i>'000</i>
Number of shares		
Weighted average number of ordinary shares for the purpose of basic (loss)/earnings per share (<i>Note</i>)	<u><u>684,750</u></u>	<u><u>684,750</u></u>

Note:

Weighted average number of ordinary shares for the year ended 31 March 2021 and 2020 are based on the number of ordinary shares in issue throughout the year.

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 2021 and 2020.

11. TRADE AND OTHER RECEIVABLES

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Trade receivables (<i>note</i>)	32,267	22,195
Less: allowance for credit loss	<u>—</u>	<u>—</u>
	32,267	22,195
Other receivables	17,020	14,130
Prepayments and deposits	<u>4,244</u>	<u>4,131</u>
	<u>53,531</u>	<u>40,456</u>

Note:

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

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

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

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
0-30 days	32,267	21,784
31-90 days	—	411
More than 90 days	<u>—</u>	<u>—</u>
	<u>32,267</u>	<u>22,195</u>

12. TRADE AND OTHER PAYABLES

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Trade payables (<i>note</i>)	46,672	57,159
Retention payables	19,316	22,175
Other payables and accruals	22,007	12,076
	<hr/>	<hr/>
	87,995	91,410
	<hr/> <hr/>	<hr/> <hr/>

Note:

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

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
0-30 days	5,568	23,599
31-90 days	28,685	20,982
91-365 days	9,413	10,287
More than 365 days	3,006	2,291
	<hr/>	<hr/>
	46,672	57,159
	<hr/> <hr/>	<hr/> <hr/>

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

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

During the year ended 31 March 2021 (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 2021, there are ten projects on hand with total contract sum amounting to approximately HK\$549,186,000. Seven 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 contract sum amounting to approximately HK\$46,015,000.

PROSPECTS

The Year was a challenging year for the Group. The outbreak of the novel coronavirus (COVID-19) in Hong Kong since January 2020 has dampened market sentiment and increased uncertainty to the overall economy of Hong Kong. The outbreak of COVID-19 also created challenges to the Group, including intensified competition, shortage of skilled labour, supply chain disruptions and delay in and reducing number of new projects. These factors combined have inevitably eroded the profitability of the Group. As such, the Directors expect that the coming year will remain tough to the Group’s business due to the anticipated continuance of economic downturn.

However, as supported by the Government’s 2020 Policy Address, the Directors believe that the increase in land supply in the medium to long term and the continuous effort in developing land resources will favour the business development of the Group as the demand for the provision of foundation works in Hong Kong will remain stable and the Group is well-position to take up new projects in the coming year with its proven track record in the industry. In addition, the Group will continue to monitor the market closely, implement stringent costs control measures on the Group’s existing projects, enhance the efficiency in project management and adjust its business strategies from time to time if required to maintain the Group’s competitiveness in the construction industry. The Group will keep abreast of market developments and potential business opportunities to broaden the sources of revenue and adhere to prudent financial management to maximise our shareholders’ return.

FINANCIAL REVIEW

Revenue

The Group’s total revenue for the Year was approximately HK\$279,022,000 (for the Previous Year: approximately HK\$351,944,000), representing an decrease of approximately 20.7% over the Previous Year. The decrease was because the Group undertook some less foundation work projects during the Year.

Gross Profit and Gross Profit Margin

The Group's gross profit amounted to approximately HK\$6,829,000 for the Year (for the Previous Year: approximately HK\$15,117,000). The Group's gross profit margin during the Year was approximately 2.4% (for the Previous Year: gross profit margin approximately 4.3%).

The decrease in gross profit margin was mainly due to the decline in revenue and the relatively lower profit margin of the projects during the year.

Other Income

The Group's other income for the Year were approximately HK\$7,441,000 (for the Previous Year: approximately HK\$3,637,000), representing an increase of approximately 104.6% over the Previous Year. This was mainly due to the government grants of approximately HK\$4,058,000 from the Employment Support Scheme launched by the Hong Kong Government.

Other Net Gains and Losses

The Group's other net losses for the Year were approximately HK\$2,565,000 (for the Previous Year: other net gains approximately HK\$9,565,000). This was mainly due to (i) increase in allowance for credit loss of contract assets of approximately HK\$7,845,000; and (ii) decrease in gain on disposal of property and equipment of approximately HK\$2,118,000 during the Year as compared to the Previous Year.

General and Administrative Expenses

The Group's administrative expenses for the Year were approximately HK\$25,392,000 (for the Previous Year: approximately HK\$26,638,000), representing a decrease of approximately 4.7% over the Previous Year. This was mainly due to decrease in staff salaries and bonus of approximately HK\$1,053,000 during the Year as compared to the Previous Year.

Income Tax

There was no income tax for the Year of the Group (for the Previous Year: Nil).

Net (Loss)/Profit

As a result of the abovementioned, the Group reported a net loss for the Year of approximately HK\$14,475,000 (for the Previous Year: net profit approximately HK\$1,331,000).

Liquidity, Financial Resources and Capital Structure

As at 31 March 2021, the Group had bank balances of approximately HK\$21,780,000 (as at 31 March 2020: approximately HK\$23,044,000). The interest-bearing debts of the Group as at 31 March 2021 was approximately HK\$32,630,000 (as at 31 March 2020: approximately HK\$12,008,000). The gearing ratio is calculated based on the amount of bank loan and lease liabilities divided by total equity. The gearing ratio of the Group as at 31 March 2021 was approximately 21.04% (as at 31 March 2020: approximately 7.08%), as a result of the increase in bank loan and lease liabilities during the Year.

Pledge of Assets

The Group's plant and machinery with an aggregate net book value of approximately HK\$9,111,000 as at 31 March 2021 were held under finance leases (as at 31 March 2020: Nil).

As at 31 March 2021, banking facilities were secured by the Group's bank deposits amounting to approximately HK\$19,216,000 (as at 31 March 2020: HK\$20,689,000).

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 Year.

Employees and Remuneration Policy

As at 31 March 2021, the Group employed 105 employees. Total remuneration costs including directors' emoluments for the Year amounted to approximately HK\$68,260,000 (for the Previous Year: approximately HK\$64,628,000). The salary and benefit levels of the employees of the Group are competitive and individual performance is rewarded through the Group's salary and bonus system. The Group conducts annual review on salary increase, discretionary bonuses and promotions based on the performance of each employee.

During the 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 commitments amounted to approximately HK\$3,904,000 in respect of acquisition of property, plant and equipment as at 31 March 2021 (as at 31 March 2020: Nil).

Contingent Liabilities

The Group did not have any significant contingent liabilities as at 31 March 2021 (as at 31 March 2020: Nil).

Use of Proceeds from Initial Public Offering

The shares of the Company were listed (the “**Listing**”) on the Main Board of the Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 11 November 2016 (the “**Listing Date**”). The net proceeds of the share offer received by the Company in relation to the Listing were approximately HK\$95,325,000, 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	Actual usage up to the date of this announcement	Unutilised proceeds as at the date of this announcement
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Purchase of machinery and equipment	67,048	67,048	–
Taking out surety bond	19,466	19,466	–
Expansion of workforce	7,299	7,299	–
General working capital	1,512	1,512	–
	<u>95,325</u>	<u>95,325</u>	<u>–</u>

Note:

The amount of the net proceeds of approximately HK\$95,325,000 was fully utilized as at the date of this announcement.

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 by the Company or its subsidiaries 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 2021. 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 reviewed and 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, 30 June 2021

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