

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

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 2022

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 2022 (the “**Year**”), together with the comparative audited figures for the year ended 31 March 2021 (the “**Previous Year**”).

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

FOR THE YEAR ENDED 31 MARCH 2022

	<i>Notes</i>	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Revenue	4	213,665	279,022
Cost of services		<u>(181,129)</u>	<u>(272,193)</u>
Gross profit		32,536	6,829
Other income	4	3,505	7,441
Other net gains and losses	4	3,191	(2,565)
Administrative expenses		<u>(25,915)</u>	<u>(25,392)</u>
Profit/(loss) from operation	5	13,317	(13,687)
Finance costs	6	<u>(2,125)</u>	<u>(788)</u>
Profit/(loss) before taxation		11,192	(14,475)
Income tax	8	<u>–</u>	<u>–</u>
Profit/(loss) and total comprehensive income/ (expense) for the year attributable to owners of the Company		<u>11,192</u>	<u>(14,475)</u>
		<i>HK cents</i>	<i>HK cents</i>
Earnings/(loss) per share	10		
– Basic and diluted		<u>1.63</u>	<u>(2.11)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2022

	<i>Notes</i>	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Non-current assets			
Property, plant and equipment		63,244	55,634
Right-of-use assets		17,300	14,348
Financial asset at fair value through profit or loss		2,789	2,676
Rental deposit	11	520	220
Deposit paid for acquisition of machineries	11	6,280	976
		<u>90,133</u>	<u>73,854</u>
Current assets			
Inventories		12,839	4,286
Contract assets		83,281	103,028
Trade and other receivables	11	76,468	53,531
Pledged bank deposits		11,238	19,216
Cash and cash equivalents		14,342	21,780
		<u>198,168</u>	<u>201,841</u>
Current liabilities			
Trade and other payables	12	45,594	87,995
Lease liabilities		7,170	5,336
Bank loan		63,095	19,459
		<u>115,859</u>	<u>112,790</u>
Net current assets		<u>82,309</u>	<u>89,051</u>
Total assets less current liabilities		<u>172,442</u>	<u>162,905</u>
Non-current liabilities			
Lease liabilities		6,180	7,835
		<u>6,180</u>	<u>7,835</u>
NET ASSETS		<u>166,262</u>	<u>155,070</u>
Equity			
Share capital		6,848	6,848
Reserves		159,414	148,222
TOTAL EQUITY		<u>166,262</u>	<u>155,070</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

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.

As at 31 March 2022, the directors consider the immediate and ultimate controlling party of the Company to be Creative Elite Global Limited, which incorporated in British Virgin Islands.

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 HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

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

In the current year, the Group has applied 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 annual periods beginning on or after 1 April 2021 for the preparation of the consolidated financial statements:

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

The application of the amendments to HKFRSs in the current year has 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 ²
Amendments to HKFRS 3	Reference to the Conceptual Framework ¹
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) ²
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies ²
Amendments to HKAS 8	Definition of Accounting Estimates ²
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction ²
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use ¹
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract ¹
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018-2020 ¹

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

² Effective for annual periods beginning on or after 1 January 2023.

³ 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 consolidated financial statements in the foreseeable future.

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 CODM, for the purpose of resources allocation and performance assessment, focuses on the operating results and financial position 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:

	2022 <i>HK\$’000</i>	2021 <i>HK\$’000</i>
Customer A	37,767	—*
Customer B	35,361	—*
Customer C	35,105	—*
Customer D	26,172	72,233
Customer E	22,724	27,954
Customer F	—*	62,954
Customer G	—*	59,152

* 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

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:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
b) Other income		
Interest income on bank deposits	<u>14</u>	<u>60</u>
Total interest income from financial assets that are not at fair value through profit or loss	14	60
Rental income	2,694	1,632
Government subsidies (<i>note</i>)	–	4,058
Income from sale of scrap materials	51	499
Income from the staff outsourcing	672	807
Compensation from insurance claim	–	385
Sundry income	<u>74</u>	<u>–</u>
	<u><u>3,505</u></u>	<u><u>7,441</u></u>
c) Other net gains and losses		
Gain on disposal of property, plant, and equipment	1,729	6,547
Gain on fair value changes in financial asset at FVTPL	71	62
Reversal/(allowance) for credit losses, net of recognised:		
– Contract assets	2,864	(9,174)
– Other receivables	<u>(1,473)</u>	<u>–</u>
	<u><u>3,191</u></u>	<u><u>(2,565)</u></u>

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

5. PROFIT/(LOSS) FROM OPERATION

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

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Auditor's remuneration	430	430
Depreciation		
– Property, plant and equipment	15,423	12,520
– Right-of-use assets	5,407	2,900
	<u>20,830</u>	<u>15,420</u>
Expenses related to short term leases of premises	15,541	12,654
Staff costs (<i>Note 7</i>)	50,320	68,260
Written-off of contract assets	2,789	9,624
	<u>2,789</u>	<u>9,624</u>

6. FINANCE COSTS

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Interest on lease liabilities	709	236
Interest on bank overdrafts	8	8
Interest on bank loan	1,408	544
	<u>2,125</u>	<u>788</u>

7. STAFF COSTS

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Salaries and allowances	47,641	66,254
Contribution to defined contribution retirement plan	1,340	2,006
Performance related bonuses	1,339	–
	<u>50,320</u>	<u>68,260</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:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Income tax	—	—

Notes:

- (i) Pursuant to the rules and regulations of the Cayman Islands, the Group is not subject to any income tax in the Cayman Islands.
- (ii) Under the two-tiered profits tax rate regime of Hong Kong Profits Tax, 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%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%. Accordingly, the Hong Kong Profits Tax of the qualifying group entity is calculated at 8.25% on the first HK\$2 million of the estimated assessable profits and at 16.5% on the estimated assessable profits above HK\$2 million.

For the year ended 31 March 2022, Hong Kong Profits Tax is calculated at 8.25% on the first HK\$2,000,000 of the estimated assessable profits of one of the subsidiaries of the Company and at 16.5% on the estimated assessable profits above HK\$2,000,000 of that subsidiary. The profits of other group entities not qualified for the two-tier profits tax regime will continue to be taxed at a flat rate of 16.5%.

As at 31 March 2022, no tax is payable on the profit for the year since the assessable profit is wholly absorbed by tax losses brought forward.

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.

- (iii) Macau Complementary Income Tax is calculated at 12% (2021: 12%) of the estimated assessable profits for the year ended 31 March 2022.

No Macau Complementary Income Tax has been provided since there were no assessable profit generated for the years ended 31 March 2022 and 31 March 2021.

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. EARNINGS/(LOSS) PER SHARE

The calculation of the basic and diluted earnings/(loss) per share attributable to owners of the Company is based on the following data:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Earnings/(loss)		
Profit/(loss) for the year attributable to owners of the Company	<u>11,192</u>	<u>(14,475)</u>
	2022 <i>Number of shares '000</i>	2021 <i>Number of shares '000</i>
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted earnings/(loss) per share <i>(Note)</i>	<u>684,750</u>	<u>684,750</u>

Note:

Weighted average number of ordinary shares for the year ended 31 March 2022 and 2021 are based on the number of ordinary shares in issue throughout the year.

Diluted earnings/(loss) per share is same as basic earnings/(loss) per share as there was no potential dilutive ordinary shares for the year ended 31 March 2022 and 2021.

11. TRADE AND OTHER RECEIVABLES

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Trade receivables <i>(note)</i>	20,975	32,267
Other receivables	52,106	17,020
Prepayments and deposits	<u>10,187</u>	<u>5,440</u>
	83,268	54,727
Less: Non-current portion		
Rental deposit	(520)	(220)
Deposit paid for acquisition of machineries	<u>(6,280)</u>	<u>(976)</u>
Total current portion	<u>76,468</u>	<u>53,531</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 aged analysis of trade receivables presented based on the invoice dates:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
0-30 days	9,752	32,267
31-90 days	6,545	–
More than 90 days	4,678	–
	<u>20,975</u>	<u>32,267</u>

12. TRADE AND OTHER PAYABLES

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Trade payables (<i>note</i>)	22,843	46,672
Retention payables	14,240	19,316
Other payables and accruals	8,511	22,007
	<u>45,594</u>	<u>87,995</u>

Note:

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

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
0-30 days	7,705	5,568
31-90 days	9,276	28,685
91-365 days	2,490	9,413
More than 365 days	3,372	3,006
	<u>22,843</u>	<u>46,672</u>

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

13. EVENTS AFTER THE REPORTING PERIOD

On 9 June 2022, the third reading of a bill for cancelling the Mandatory Provident Fund (“MPF”) offsetting mechanism (the “Bill”) was passed in the Legislative Council. After the Bill takes effect, employers can no longer offset employees’ severance payments or long-service payments against the MPF derived from the employer’s mandatory and voluntary contributions. The offsetting mechanism will be cancelled starting from 2025.

The matter mentioned above will have impact to the Group’s provision for long service payments (“LSP”). Upon the MPF offsetting mechanism is cancelled, the Group can no longer deduct LSP from their portion of MPF contributions. The abolition of the offsetting arrangement has no retrospective effect.

As at the date of the issue of the financial statements, the exact effective date of the abolition is yet to be determined and the details arrangement is yet to be announced by the government. This is a non-adjusting event after the reporting period as the event did not relate to the obligation of the LSP at the end of the reporting period, but reflects the circumstances (i.e. the law) that have arisen subsequently.

The Group has already commenced an assessment of the impact of the Bill to the Group. The Group is not yet in a position to state whether the abolishment of the MPF offsetting mechanism will result in a substantial change to the Group’s financial statements.

Other than the abovementioned, no other material subsequent event noted.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

During the year ended 31 March 2022 (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, ELS works, pile cap construction, site formation and ancillary services (such as loading test and construction machinery leasing services).

As at 31 March 2022, there are 10 projects on hand with total contract sum amounting to approximately HK\$351,211,000. Eight 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\$112,006,000.

PROSPECTS

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 economic downturn caused by the outbreak of the novel coronavirus (COVID-19). Nevertheless, looking forward, our Directors are conservatively positive to the prospects and long-term demand in the foundation works industry.

While it is difficult to predict the COVID-19 situation in Hong Kong and its impact on the economy, we remain cautiously optimistic about the Group’s business outlook in the coming year. The demand for construction related works has been increasing due to large government-led infrastructure and housing projects, such as the Northern Metropolis. These projects will span many phases and will provide a steady stream of business for the construction sector as a whole. More tender invitations relating to these projects are expected from both the public and private sectors. 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\$213,665,000 (for the Previous Year: approximately HK\$279,022,000), representing a decrease of approximately 23.4% over the Previous Year. The decrease was mainly due to the reducing number of foundation work projects undertaken by the Group throughout the Year, as the Group has been focusing on large diameter bored pile works projects, which generated higher profit margin, during the Year.

Gross Profit and Gross Profit Margin

The Group's gross profit amounted to approximately HK\$32,536,000 for the Year (for the Previous Year: approximately HK\$6,829,000). The Group's gross profit margin during the Year was approximately 15.2% (for the Previous Year: gross profit margin approximately 2.4%).

The increase in gross profit and gross profit margin were the result of the improved gross profit margin for the newly awarded large diameter bored pile foundation projects commenced during the year.

Other Income

The Group's other income for the Year were approximately HK\$3,505,000 (for the Previous Year: approximately HK\$7,441,000), representing a decrease of approximately 52.9% over the Previous Year. This was mainly due to the absence of 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 gains for the Year were approximately HK\$3,191,000 (for the Previous Year: other net losses approximately HK\$2,565,000). This was mainly due to lower of credit loss of contract assets during the Year as compared to the Previous Year.

General and Administrative Expenses

The Group's administrative expenses for the Year were approximately HK\$25,915,000 (for the Previous Year: approximately HK\$25,392,000), representing an increase of approximately 2.1% over the Previous Year. This was approximately in line with the inflation rate during the Year.

Income Tax

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

Net Profit/(Loss)

As a result of the abovementioned, the Group reported a net profit for the Year of approximately HK\$11,192,000 (for the Previous Year: net loss approximately HK\$14,475,000).

Liquidity, Financial Resources and Capital Structure

As at 31 March 2022, the Group had bank balances of approximately HK\$14,342,000 (as at 31 March 2021: approximately HK\$21,780,000). The interest-bearing debts of the Group as at 31 March 2022 was approximately HK\$76,445,000 (as at 31 March 2021: approximately HK\$32,630,000). The gearing ratio was 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 2022 was approximately 45.98% (as at 31 March 2021: approximately 21.04%), 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\$11,379,000 as at 31 March 2022 were held under finance leases (as at 31 March 2021: HK\$9,111,000).

As at 31 March 2022, banking facilities were secured by the Group's bank deposits amounting to approximately HK\$11,238,000 (as at 31 March 2021: HK\$19,216,000).

Foreign Exchange Risk

The Group mainly operates in Hong Kong and most of the operating transactions (such as revenue, expenses, monetary assets and liabilities) are denominated in Hong Kong dollars. As such, the Directors are of the view that the Group's risk in foreign exchange is insignificant and that we should have sufficient resources to meet foreign exchange requirements as and if they arise. Therefore, the Group has not engaged in any derivative contracts to hedge its exposure to foreign exchange risk during the Year.

Employees and Remuneration Policy

As at 31 March 2022, the Group employed 138 employees. Total remuneration costs including directors' emoluments for the Year amounted to approximately HK\$50,320,000 (for the Previous Year: approximately HK\$68,260,000). 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\$24,220,000 in respect of acquisition of property, plant and equipment as at 31 March 2022 (as at 31 March 2021: HK\$3,904,000).

Contingent Liabilities

The Group did not have any significant contingent liabilities as at 31 March 2022 (as at 31 March 2021: Nil).

CORPORATE GOVERNANCE AND OTHER INFORMATION

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

No purchase, sale or redemption of the Company's listed securities was made by the Company or its subsidiaries from the Listing Date and up to the date of this report.

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 report.

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 report.

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 and make themselves satisfied 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 2022. 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, 23 June 2022

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.