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Shun Wo Group Holdings Limited

汛和集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1591)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 MARCH 2023

The board (the “**Board**”) of directors (the “**Directors**”) of Shun Wo Group Holdings Limited (the “**Company**”) is pleased to present the audited annual consolidated financial results of the Company and its subsidiaries (collectively, the “**Group**”) for the year ended 31 March 2023 (the “**Review Year**”), together with the comparative figures for the corresponding year ended 31 March 2022.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2023

	<i>Notes</i>	2023 <i>HK\$’000</i>	2022 <i>HK\$’000</i>
Revenue	3	312,906	242,292
Direct costs		<u>(288,333)</u>	<u>(224,925)</u>
Gross profit		24,573	17,367
Other income and other gains	4	1,865	1,539
Administrative and other operating expenses		(22,278)	(22,390)
Reversal of impairment losses/(impairment losses) on financial assets and contract assets, net		<u>14,772</u>	<u>(1,011)</u>
Profit/(loss) before income tax	5	18,932	(4,495)
Income tax expense	6	<u>—</u>	<u>—</u>
Profit/(loss) and total comprehensive income/(expense) for the year attributable to owners of the Company		<u>18,932</u>	<u>(4,495)</u>
Earnings/(loss) per share attributable to owners of the Company			
— Basic and diluted earnings/(loss) per share (HK cents)	7	<u>0.47</u>	<u>(0.11)</u>

Details of dividends are disclosed in note 8.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2023

	<i>Notes</i>	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
ASSETS			
Non-current assets			
Property, plant and equipment		16,733	14,276
Right-of-use assets		<u>67</u>	<u>101</u>
		<u>16,800</u>	<u>14,377</u>
Current assets			
Contract assets		63,820	48,234
Trade and other receivables	9	37,659	56,597
Pledged bank deposit	10	6,138	5,016
Bank balances and cash		<u>45,040</u>	<u>17,964</u>
		<u>152,657</u>	<u>127,811</u>
Total assets		<u><u>169,457</u></u>	<u><u>142,188</u></u>
EQUITY			
Equity attributable to owners of the Company			
Capital and reserves			
Share capital	11	40,000	40,000
Reserves		<u>66,248</u>	<u>47,316</u>
Total equity		<u><u>106,248</u></u>	<u><u>87,316</u></u>
LIABILITIES			
Current liabilities			
Trade and other payables	12	<u>63,209</u>	<u>54,872</u>
Total liabilities		<u>63,209</u>	<u>54,872</u>
Total equity and liabilities		<u>169,457</u>	<u>142,188</u>
Net current assets		<u>89,448</u>	<u>72,939</u>
Total assets less current liabilities		<u><u>106,248</u></u>	<u><u>87,316</u></u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION AND BASIS OF PRESENTATION

The Company is an investment holding company. The Group is principally engaged in undertaking foundation works in Hong Kong.

The Company was incorporated in the Cayman Islands on 3 May 2016 as an exempted company with limited liability under the Companies Law of the Cayman Islands and its shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) with effect from 28 September 2016.

As at 31 March 2023, its parent and ultimate holding company is May City Holdings Limited (“**May City**”), a company incorporated in the British Virgin Islands (the “**BVI**”) and owned as to 40% by Mr. Wong Yan Hung (“**Mr. YH Wong**”), 30% by Mr. Wong Tony Yee Pong (“**Mr. Tony Wong**”) and 30% by Mr. Lai Kwok Fai (“**Mr. Lai**”).

The address of the registered office is Windward 3, Regatta Office Park, PO Box 1350, Grand Cayman KY1-1108, Cayman Islands and the principal place of business of the Company is Flat A, 7/F., Sai Wan Ho Plaza, 68 Shaukeiwan Road, Hong Kong.

The consolidated financial statements are presented in Hong Kong dollars (“**HK\$**”), which is the same as the functional currency of the Company.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”). The consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Main Board of the Stock Exchange (the “**Listing Rules**”) and by the Companies Ordinance Cap. 622. The consolidated financial statements have been prepared under the historical cost convention, except as otherwise stated in the accounting policies of the Group.

The preparation of the consolidated financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the accounting policies of the Group. The area involving a high degree of judgement or complexity, or areas where assumptions and estimate are significant to the consolidated financial statements, are disclosed in the consolidated financial statements.

2.2 Change in accounting policy and disclosures

(i) *Amendments to standards and annual improvements adopted by the Group*

The Group has applied the following amendments to standards and annual improvement for the first time for their annual reporting period commencing 1 April 2022:

Amendments to HKFRS 3	Reference to the Conceptual Framework
Amendments to HKAS 16	Property, Plant and Equipment: Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contracts — Costs of Fulfilling a Contract
Amendments to HKFRSs	Annual Improvements to HKFRS Standards 2018–2020

The application of amendments to standards and annual improvement in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

(ii) *New standards and amendments to standards not yet adopted*

The following are new standards and amendments to standards that have been published and are mandatory for the Group's accounting periods beginning on or after 1 April 2023 or later periods, but have not been early adopted by the Group.

HKFRS 17	Insurance Contracts and related amendments 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 HKFRS 16	Lease Liability in a Sale and Leaseback ²
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	Non-current Liabilities with Covenants ²
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies ¹
Amendments to HKAS 8	Definition of Accounting Estimates ¹
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction ¹

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

² Effective for annual periods beginning on or after 1 January 2024.

³ Effective for annual periods beginning on or after a date to be determined.

Except for the new standards and amendments to standards mentioned below, the directors of the Company anticipate that the application of all other new standards and amendments to standards will have no material impact on the consolidated financial statements in the foreseeable future.

Amendments to HKAS 1 Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)

The amendments provide clarification and additional guidance on the assessment of right to defer settlement for at least twelve months from reporting date for classification of liabilities as current or non-current, which:

- specify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period. Specifically, the amendments clarify that:
 - (i) the classification should not be affected by management intentions or expectations to settle the liability within 12 months; and
 - (ii) if the right is conditional on the compliance with covenants, the right exists if the conditions are met at the end of the reporting period, even if the lender does not test compliance until a later date; and
- clarify that if a liability has terms that could, at the option of the counterparty, result in its settlement by the transfer of the entity's own equity instruments, these terms do not affect its classification as current or non-current only if the entity recognises the option separately as an equity instrument applying HKAS 32 *Financial Instruments: Presentation*.

In addition, Hong Kong Interpretation 5 was revised as a consequence of the Amendments to HKAS 1 to align the corresponding wordings with no change in conclusion.

Amendments to HKAS 1 and HKFRS Practice Statement 2 Disclosure of Accounting Policies

HKAS 1 is amended to replace all instances of the term “significant accounting policies” with “material accounting policy information”. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The amendments also clarify that accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material. If an entity chooses to disclose immaterial accounting policy information, such information must not obscure material accounting policy information.

HKFRS Practice Statement 2 *Making Materiality Judgements* (the “**Practice Statement**”) is also amended to illustrate how an entity applies the “four-step materiality process” to accounting policy disclosures and to judge whether information about an accounting policy is material to its financial statements. Guidance and examples are added to the Practice Statement.

The application of the amendments is not expected to have significant impact on the financial position or performance of the Group but may affect the disclosures of the Group's significant accounting policies.

Amendments to HKAS 8 Definition of Accounting Estimates

The amendments define accounting estimates as “monetary amounts in financial statements that are subject to measurement uncertainty”. An accounting policy may require items in financial statements to be measured in a way that involves measurement uncertainty — that is, the accounting policy may require such items to be measured at monetary amounts that cannot be observed directly and must instead be estimated. In such a case, an entity develops an accounting estimate to achieve the objective set out by the accounting policy. Developing accounting estimates involves the use of judgements or assumptions based on the latest available, reliable information.

In addition, the concept of changes in accounting estimates in HKAS 8 is retained with additional clarifications.

The application of the amendments is not expected to have significant impact on the Group's consolidated financial statements.

3. REVENUE AND SEGMENT INFORMATION

Revenue, which is also the Group's turnover, represents construction contract receipts in the ordinary course of business. Revenue recognised during the year are as follows:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Revenue		
Main contracting	203,937	180,777
Sub-contracting	108,969	61,515
	<u>312,906</u>	<u>242,292</u>

The chief operating decision-maker has been identified as the Board. The Board regards the Group's business as a single operating segment and reviews consolidated financial statements accordingly. Also, the Group only engages its business in Hong Kong and all the non-current assets of the Group are located in Hong Kong. Therefore, no segment and geographical information is presented.

Information about the major customers

Revenue from customers contributing over 10% of the total revenue of the Group are as follows:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Customer A	125,418	110,462
Customer B	77,845	N/A ¹
Customer C	N/A ¹	56,003
Customer D	N/A ¹	35,265
	<u> </u>	<u> </u>

¹ The corresponding revenue did not contribute over 10% of total revenue of the Group.

4. OTHER INCOME AND OTHER GAINS

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Rental income	–	547
Gain on disposal of property, plant and equipment	41	83
Interest income	396	13
Government grants <i>(Note)</i>	1,360	–
Gain on disposal of steel platform	–	866
Others	68	30
	<u>1,865</u>	<u>1,539</u>

Note: During the year ended 31 March 2023, the Group recognised government grants in respect of COVID-19 pandemic which included subsidies of HK\$1,360,000 (2022: Nil) under the employment support scheme. There was no unfulfilled condition in respect of the grants.

5. PROFIT/(LOSS) BEFORE INCOME TAX

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Included in direct costs:		
Depreciation of property, plant and equipment	4,211	3,257
Staff costs	23,471	20,515
Included in administrative and other operating expenses:		
Auditors' remuneration		
— Audit services	720	720
— Non-audit services	120	120
Write-off of trade receivables	–	339
Depreciation of property, plant and equipment	2,187	2,676
Depreciation of right-of-use assets	34	34
Expense relating to short-term leases not included in the measurement of lease liabilities	2,991	2,820
Staff costs, including directors' emoluments	10,854	10,617
	<u>10,854</u>	<u>10,617</u>

6. INCOME TAX EXPENSE

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Income tax expense	<u>–</u>	<u>–</u>

7. EARNINGS/(LOSS) PER SHARE

Basic earnings/(loss) per share is calculated by dividing the profit/(loss) attributable to owners of the Company by the weighted average number of ordinary shares in issue during the year.

	2023	2022
Profit/(loss) attributable to owners of the Company (<i>HK\$'000</i>)	18,932	(4,495)
Weighted average number of ordinary shares in issue (<i>thousands of shares</i>)	4,000,000	4,000,000
Basic earnings/(loss) per share (<i>HK cents</i>)	<u>0.47</u>	<u>(0.11)</u>

The diluted earnings/(loss) per share were the same as the basic earnings/(loss) per share as there were no dilutive potential ordinary shares in issue during the years ended 31 March 2023 and 2022.

8. DIVIDENDS

No dividend was paid or proposed by the Board for the year ended 31 March 2023 (2022: Nil).

9. TRADE AND OTHER RECEIVABLES

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Trade receivables	29,706	69,079
Less: allowance for credit losses	<u>(70)</u>	<u>(15,883)</u>
	29,636	53,196
Other receivables, deposits and prepayments (<i>Note c</i>)	<u>8,023</u>	<u>3,401</u>
	<u>37,659</u>	<u>56,597</u>

Notes:

- (a) The credit period granted to customers ranges from 14 to 45 days (2022: 14 to 60 days) generally. Trade receivables are denominated in HK\$.
- (b) The ageing analysis of the trade receivables, net of allowance for credit losses based on date of payment certificates issued by customers or invoice date, whichever is applicable, are as follows:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
0–30 days	24,596	26,455
31–60 days	5,040	26,184
Over 90 days	<u>–</u>	<u>557</u>
	<u>29,636</u>	<u>53,196</u>

- (c) Included in other receivables, deposits and prepayments at 31 March 2023 are cash collateral of approximately HK\$4,204,000 (2022: HK\$334,000) placed with insurance companies in Hong Kong for the provision of the surety bonds for certain of the Group's construction projects (see Note 13).

10. PLEDGED BANK DEPOSIT

The bank deposit had been pledged to bank as surety bond for faithful performance in accordance to the contract between the Group entity and the customer.

11. SHARE CAPITAL

	Number of ordinary shares	Share capital HK\$'000
Ordinary shares of HK\$0.01 each		
Authorised:		
As at 1 April 2021, 31 March 2022, 1 April 2022 and 31 March 2023	<u>10,000,000,000</u>	<u>100,000</u>
Issued and fully paid:		
As at 1 April 2021, 31 March 2022, 1 April 2022 and 31 March 2023	<u>4,000,000,000</u>	<u>40,000</u>

12. TRADE AND OTHER PAYABLES

	2023 HK\$'000	2022 HK\$'000
Trade payables	49,879	45,726
Retention payables	9,518	5,668
Accruals and other payables	<u>3,812</u>	<u>3,478</u>
	<u>63,209</u>	<u>54,872</u>

Note:

- (a) Payment terms granted by suppliers are generally within two months.

The ageing analysis of trade payables based on the invoice date are as follows:

	2023 HK\$'000	2022 HK\$'000
0–30 days	32,349	14,114
31–60 days	16,995	20,199
61–90 days	–	6,515
Over 90 days	<u>535</u>	<u>4,898</u>
	<u>49,879</u>	<u>45,726</u>

13. SURETY BONDS AND CONTINGENT LIABILITIES

Certain customers of construction contracts undertaken by the Group require the Group entity to issue guarantees for performance of contracts in the form of surety bonds secured by pledged deposits. In addition, the Group entity provided a corporate indemnity to insurance companies which issued such surety bonds.

As at 31 March 2023, the outstanding amount of such surety bonds of which the Group entity provided a corporate indemnity was approximately HK\$9,808,000 (2022: HK\$778,400).

Saved as disclosed above, as at 31 March 2023, the Group did not have any other material contingent liabilities.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review and Outlook

The Group has more than 20 years history in Hong Kong's foundation industry, specialising in excavation and lateral support works, socketed H-piling and mini-piling works and pile caps construction works. Hop Kee Construction Company Limited (“**Hop Kee**”), the principal operating subsidiary, is registered under the Buildings Ordinance as a Registered Specialist Contractor under the sub-register of “Foundation Works” and “Site Formation Works” category since December 2009.

As at 31 March 2023, the Group had a total of 12 ongoing projects (including projects that have commenced but not completed as well as projects that have been awarded but not yet commenced) and the original contract sum of these projects are approximately HK\$569.5 million.

Even though faced with the challenging year, the Group still reported a record high in revenue and marked a fruitful result of profit of approximately HK\$18.9 million (2022: approximately loss of HK\$4.5 million). The turnaround in financial performance was mainly attributable to several sizeable construction projects awarded from the Group's long term business partners and accelerated tender opportunities in foundation industry, the government grants of approximately HK\$1.4 million, and the net reversal of impairment losses of approximately HK\$14.8 million in respect of financial assets and contract assets due to the recovery of certain long outstanding trade receivable that had been impaired in the previous financial years.

Looking ahead, since the economy and the supply chain is on the road to recovery, the Group is optimistic with the foundation industry. Our management has been actively seeking for new business opportunities so as to enhance the long term growth potential of the Group. However, the global inflationary pressure bring volatility in material price and consistent labour shortage in the industry will narrow down the Group's gross profits margin. Nevertheless, the Group will continue to adopt and maintain flexible approach with prudent risk management and stringent cost control measures to maximise returns for all shareholders.

Financial Review

Revenue

The revenue of the Group was approximately HK\$312.9 million for the Review Year, representing an increase of approximately HK\$70.6 million or 29.1% compared to the corresponding year ended 31 March 2022. The increase in revenue was mainly because of the award of few sizable construction projects in 2021 and 2022 which have been undertaken during the Review Year.

Gross profit and gross profit margin

The gross profit of the Group was approximately HK\$24.6 million for the Review Year, representing an increase of approximately HK\$7.2 million or 41.5% compared to the corresponding year ended 31 March 2022. The gross profit margin was approximately 7.9% for the Review Year, representing an increase of 0.7 percentage points (“p.p”) compared to the corresponding year ended 31 March 2022 of approximately 7.2%.

The increase in gross profit and improved gross profit margin was attributed to the increased tender opportunities in the foundation market and the effective cost measures throughout the Review Year.

Other income and other gains

For the Review Year, the other income and other gains of the Group was approximately HK\$1.9 million, representing an increase of approximately HK\$0.3 million or 21.2% compared to the corresponding year ended 31 March 2022. The other income and other gains during the Review Year mainly represents the government grants in respect of COVID-19 pandemic amounting to approximately HK\$1.4 million recognised whereas rental income of approximately HK\$0.5 million and gain on disposal of steel platform of approximately HK\$0.9 million recognised in the corresponding year ended 31 March 2022.

Administrative and other operating expenses

For the Review Year, the administrative and other operating expenses was approximately HK\$22.3 million, representing a drop of approximately HK\$0.1 million or 0.5% compared to the corresponding year ended 31 March 2022.

The Group will continue to implement stringent controls over the general expenditure.

Reversal of impairment losses/(impairment losses) on financial assets and contract assets, net

For the Review Year, the reversal of impairment losses on financial assets and contract assets, net was approximately HK\$14.8 million (2022: impairment losses on financial assets and contract assets of approximately HK\$1.0 million). This was a result of recovery of certain long outstanding trade receivables that had been impaired in the previous years.

Net profit/(loss)

As a result of the aforesaid, a net profit of the Group was approximately HK\$18.9 million for the Review Year (2022: a net loss of approximately HK\$4.5 million).

Liquidity, Financial Position and Capital Structure

During the Review Year, there has been no change in capital structure of the Group.

As at 31 March 2023, the Group had total bank balances (including pledged bank deposit) of approximately HK\$51.2 million (31 March 2022: approximately HK\$23.0 million).

As at 31 March 2023 and 2022, the Group had no debts outstanding.

Treasury Policy

The Group has adopted a prudent financial management approach towards its treasury policy. The Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities, and other commitments can meet its funding requirements all the time.

Gearing Ratio

As at 31 March 2023, the gearing ratio (calculated as total borrowings divided by the total equity) was Nil (31 March 2022: Nil).

Pledge of Assets

As at 31 March 2023, the Group had approximately HK\$6.1 million of bank deposit being pledged as surety bond for faithful performance in accordance to the contract between the Group entity and the customer (31 March 2022: HK\$5.0 million).

Exposure to Foreign Exchange Rate Risks

As the Group only operates in Hong Kong and all of the revenue and transactions arising from its operations were settled in Hong Kong dollar, the Directors are of the view that the Group's foreign exchange rate risks are insignificant. Thus, the Group has not entered into any derivative contracts to hedge against the foreign exchange rate risk for the Review Year.

Capital Expenditure

During the Review Year, the Group invested approximately HK\$9.0 million in the purchase of property, plant and equipment. All these capital expenditures were financed by internal resources.

Surety Bonds and Contingent Liabilities

Certain customers of construction contracts undertaken by the Group require the Group entity to issue guarantees for performance of contracts in the form of surety bonds secured by pledged deposits. In addition, the Group entity provided a corporate indemnity to insurance companies which issued such surety bonds.

As at 31 March 2023, the outstanding amount of such surety bonds of which the Group entity provided a corporate indemnity was approximately HK\$9.8 million (31 March 2022: approximately HK\$0.8 million).

Saved as disclosed above, as at 31 March 2023, the Group did not have any other material contingent liabilities.

Capital Commitments

As at 31 March 2023, the Group had no material capital commitments.

Material Acquisition and Disposals of Subsidiaries and Associated Companies

During the Review Year, the Group did not have any material acquisitions or disposals of subsidiaries or associated companies.

Significant Investment

During the Review Year, the Group had no significant investment.

Future Plans for Material Investment or Capital Assets

Save as disclosed under the section headed “Use of Proceeds”, the Group did not have any other plans for material investments or capital assets during the Review Year.

Final Dividend

The Board has resolved not to recommend the declaration of any final dividend for the Review Year.

Use of Proceeds

The net proceeds (the “**Net Proceeds**”) received by the Group, after deducting related expenses were approximately HK\$84.2 million. 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” to the prospectus of the Company dated 12 September 2016 (the “**Prospectus**”) and the announcement of the Company dated on 8 January 2021. Such revised uses include: (i) acquisition of excavators, cranes and breakers; (ii) strengthening the workforce and manpower; (iii) increasing marketing efforts; (iv) funding of general working capital; (v) financing the up-front costs of projects; and (vi) financing the issuance of performance bonds. Details of the revised use of the proceeds are listed as below:

	Original allocation HK\$'000	Revised allocation HK\$'000	Actual usage up to 31 March 2022 HK\$'000	Actual usage during the Review Year HK\$'000	Actual usage up to 31 March 2023 HK\$'000	Unutilised usage up to 31 March 2023 HK\$'000	Expected timeline for fully utilising the remaining Net Proceeds ^(Note)
Acquiring excavators, cranes and breakers	55,000	41,000	35,604	3,718	39,322	1,678	On or before 31 March 2024
Strengthening the workforce and manpower	15,000	15,000	15,000	–	15,000	–	Not applicable
Increasing marketing efforts	6,200	4,200	4,200	–	4,200	–	Not applicable
Funding of general working capital	8,000	8,000	8,000	–	8,000	–	Not applicable
Financing the up-front costs of projects	–	12,000	12,000	–	12,000	–	Not applicable
Financing the issuance of performance bonds	–	4,000	–	4,000	4,000	–	Not applicable
Total	<u>84,200</u>	<u>84,200</u>	<u>74,804</u>	<u>7,718</u>	<u>82,522</u>	<u>1,678</u>	

Note: As at 31 March 2023, approximately HK\$82.5 million out of the Net Proceeds from the listing had been used. The expected timeline for utilising the remaining Net Proceeds is based on the best estimation of the Group taking into account of the present and future business market condition, and therefore is subject to change. The Group will continuously examine its actual development and the industry market condition and apply its remaining Net Proceeds of approximately HK\$1.7 million in category of “Acquiring excavator, cranes and breakers”. In addition, the Group considers to utilise the remaining Net Proceeds as soon as practicable by 31 March 2024.

Employees and Remuneration Policy

As at 31 March 2023, the Group employed a total of 97 full-time employees (including executive Directors), as compared to a total of 72 full-time employees as at 31 March 2022. Remuneration is determined with reference to the market terms and the performance, qualifications and experience of the individual employee. In addition to basic salary, performance-linked bonus is offered to those staff with special contributions to the Group, in order to attract and retain capable employees. The total remuneration cost incurred by the Group for the Review Year was approximately HK\$34.3 million compared to approximately HK\$31.1 million in the corresponding year ended 31 March 2022.

Events after the Review Year

There is no material subsequent event undertaken by the Group after 31 March 2023 and up to the date of this announcement.

CORPORATE GOVERNANCE/OTHER INFORMATION

Compliance with the Corporate Governance Code

The Group is committed to maintaining good corporate governance to safeguard the interest of shareholders and to achieve effective accountability. The Company has adopted the corporate governance code (the “**CG code**”) contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”). To the best knowledge of the Board, the Company has complied with all applicable code provisions set out in the CG code during the Review Year and up to the date of this announcement.

Compliance with the Model Code for Securities Transactions by Directors of Listed Issuers

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix 10 of the Listing Rules as its own code of conduct regarding Directors’ securities transactions. Having made specific enquiries of the Directors, all the Directors have confirmed that they have complied with the required Model Code’s standard during the Review Year and up to the date of this announcement.

Share Option Scheme

The Company has adopted a share option scheme (the “**Share Option Scheme**”) on 3 September 2016. The principal terms of the Share Option Scheme are summarised in Appendix IV to the Prospectus. The main purpose of the Share Option Scheme is to attract and retain the best available personnel, to provide incentive to employees (full-time and part-time), directors, consultants, advisers, distributors, contractors, suppliers, agents, customers, business partners or service providers of the Group and to promote the success of the business of the Group. No share option has been granted, exercised, cancelled or lapsed under the Share Option Scheme since its adoption on 3 September 2016, and there is no outstanding share option as at 31 March 2023.

Competing Interests

The Directors confirm that neither the controlling shareholders of the Company nor their respective close associates is interested in a business apart from the Group’s business which competes or is likely to compete, directly or indirectly, with the Group’s business during the Review Year, and is required to be disclosed pursuant to Rule 8.10 of the Listing Rules.

Purchase, Sales or Redemption of the Company’s Securities

For the Review Year and up to the date of this announcement, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company’s securities.

Directors’ Interests in Contracts of Significance

No Director had a material interest, either directly or indirectly, in any contract of significance to the business of the Group to which the Company or any of its subsidiaries was a party for the Review Year.

Sufficiency of Public Float

Based on the information that is publicly available to the Company and within the knowledge of the Directors, the Directors confirmed that the Company has maintained a sufficient amount of public float for its Shares as required under the Listing Rules for the Review Year and up to the date of this announcement.

Annual General Meeting (“AGM”)

The 2023 AGM will be held on Thursday, 7 September 2023. The notice of the AGM will be published and dispatched to shareholders of the Company in the manner as required by the Listing Rules in due course.

Closure of Register of Members

The Hong Kong branch register of members of the Company will be closed from Saturday, 2 September 2023 to Thursday, 7 September 2023 (both dates inclusive) for the purpose of ascertaining shareholders' entitlement to attend and vote at the forthcoming AGM. No transfer of shares may be registered on those dates. In order to qualify for the shareholders' entitlement to attend and vote at the AGM, all transfer forms accompanied by the relevant share certificates should be lodged with the Company's Branch Registrar in Hong Kong, Boardroom Share Registrars (HK) Limited, Room 2103B, 21/F., 148 Electric Road, North Point, Hong Kong not later than 4:30 p.m. on Friday, 1 September 2023.

Audit Committee

The Company established an audit committee (the "**Audit Committee**") on 3 September 2016 with written terms of reference in compliance with the CG code. The primary duties of the Audit Committee are to review the financial information of the Group, oversee the Group's financial report system, risk management and internal control procedures, provide advice and comments to the Board, and monitor the independence and objective of the external auditor and perform the corporate governance function.

The Audit Committee consists of three members who are all independent non-executive Directors, namely, Mr. Tam Wai Tak Victor, Mr. Law Ka Ho and Mr. Leung Wai Lim. Mr. Tam Wai Tak Victor is the chairman of the Audit Committee. The Audit Committee has reviewed the consolidated financial statements for the Review Year. The Audit Committee was of the opinion that the preparation of such results complied with applicable accounting standards and requirements as well as the Listing Rules and relevant adequate disclosures have been made.

Scope of Work of Auditors

The figures in respect of the Group's consolidated statement of financial position as at 31 March 2023, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 March 2023 as set out in the annual results announcement have been agreed by the Group's auditors, HLB Hodgson Impey Cheng Limited, to the amounts set out in the Group's consolidated financial statements for the year ended 31 March 2023. The work performed by HLB Hodgson Impey Cheng 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 HKICPA and consequently no assurance has been expressed by HLB Hodgson Impey Cheng Limited on this annual results announcement.

Appreciation

The Board would like to take this opportunity to express its sincere gratitude to the management team and staff for their hard work and contributions, and to our shareholders, investors and business partners for their trust and support.

Publication of Annual Results Announcement and Annual Report

The annual results announcement of the Company is published on the respective websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.swgrph.com). The annual report of the Company for the Review Year will be despatched to the shareholders and published on the respective websites of the Stock Exchange and the Company in due course.

By Order of the Board
Shun Wo Group Holdings Limited
Wong Yan Hung
Chairman

Hong Kong, 29 June 2023

As at the date of this announcement, the executive directors of the Company are Mr. WONG Yan Hung, Mr. WONG Tony Yee Pong and Mr. LAI Kwok Fai and the independent non-executive directors of the Company are Mr. LAW Ka Ho, Mr. LEUNG Wai Lim and Mr. TAM Wai Tak Victor.