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 2018

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

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2018

	Notes	**2018** ***HK$'000***	2017 *HK$'000*
Revenue	*3*	**131,781**	218,648
Direct costs		**(106,247)**	(167,403)
Gross profit		**25,534**	51,245
Other income, other gains and losses	*3*	**2,287**	1,497
Administrative and other operating expenses		**(21,042)**	(28,226)
Finance costs	*4*	**(218)**	(435)
Profit before income tax	*5*	**6,561**	24,081
Income tax expense	*6*	**(999)**	(5,923)
Profit and total comprehensive income for the year attributable to owners of the Company		**5,562**	18,158
Earnings per share attributable to owners of the Company			
— Basic and diluted earnings per share (HK cents)	*7*	**0.14**	0.50

Details of dividends are disclosed in note 8.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 March 2018

	Notes	2018 HK$'000	2017 HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment		**19,882**	20,557
Current assets			
Gross amounts due from customers for contract work		**15,445**	14,925
Trade and other receivables	9	**54,113**	47,597
Bank deposits		**22,812**	42,663
Current income tax recoverable		**473**	1,362
Cash and cash equivalents		**73,038**	49,415
		165,881	155,962
Total assets		**185,763**	176,519
EQUITY			
Equity attributable to owners of the Company			
Capital and reserves			
Share capital	10	**40,000**	40,000
Reserves		**122,371**	116,809
Total equity		**162,371**	156,809
LIABILITIES			
Non-current liabilities			
Finance lease liabilities		**–**	2,938
Deferred tax liabilities		**2,143**	2,033
		2,143	4,971
Current liabilities			
Trade and other payables	11	**18,551**	9,765
Finance lease liabilities		**2,698**	4,974
		21,249	14,739
Total liabilities		**23,392**	19,710
Total equity and liabilities		**185,763**	176,519
Net current assets		**144,632**	141,223
Total assets less current liabilities		**164,514**	161,780

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 2018, 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 PO Box 1350, Clifton House, 75 Fort Street, Grand Cayman KY1-1108, Cayman Islands and the principal place of business of the Company is 26th Floor, Lancashire Centre, 361 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.

Prior to the corporate reorganisation undertaken in preparation for the listing of the Company's shares on the Main Board of the Stock Exchange (the "**Reorganisation**"), the group entities were under the control of Mr. YH Wong, Mr. Tony Wong and Mr. Lai. Through the Reorganisation, the Company became the holding company of the companies now comprising the Group on 18 May 2016. Accordingly, for the purpose of the preparation of the consolidated financial statements of the Group, the Company has been considered as the holding company of the companies now comprising the Group throughout the year ended 31 March 2017. The Group comprising the Company and its subsidiaries resulting from the Reorganisation is regarded as a continuing entity. The Group was under the control of Mr. YH Wong, Mr. Tony Wong and Mr. Lai prior to and after the Reorganisation.

The consolidated financial statements have been prepared as if the Company had been the holding company of the Group throughout the year ended 31 March 2017 in accordance with Accounting Guideline 5 "Merger Accounting for Common Control Combinations" issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"). The consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year ended 31 March 2017, which include the results, changes in equity and cash flows of the companies now comprising the Group, have been prepared as if the current group structure had been in existence throughout the year ended 31 March 2017.

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 all applicable Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the 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 Hong Kong Companies Ordinance. 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.

2.1.1 Change in accounting policy and disclosures

(a) New and amended standards adopted by the Group

Amendments to HKAS 7	Disclosure Initiative
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses
Amendments to HKFRS 12	As part of the Annual Improvements to HKFRSs 2014–2016 Cycle

Except as described below, the application of the amendments to HKFRSs 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.

Amendments to HKAS 7 Disclosure Initiative

The Group has applied these amendments for the first time in the current year. The amendments require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both cash and non-cash changes. In addition, the amendments also require disclosures on changes in financial assets if cash flows from those financial assets were, or future cash flows will be, included in cash flows from financing activities.

Specifically, the amendments require the following to be disclosed: (i) changes from financing cash flows; (ii) changes arising from obtaining or losing control of subsidiaries or other businesses; (iii) the effect of changes in foreign exchange rates; (iv) changes in fair values; and (v) other changes.

A reconciliation between the opening and closing balances of these items is provided. Consistent with the transition provisions of the amendments, the Group has not disclosed comparative information for the prior year. Apart from the additional disclosure, the application of these amendments has had no impact on the Group's consolidated financial statements.

(b) *New standards, amendments and interpretations not yet adopted*

The following new standards, amendments and interpretations to existing standards have been published that are not mandatory for 31 March 2018 reporting period and have not been early adopted by the Group.

HKFRS 9	Financial Instruments[1]
HKFRS 15	Revenue from Contracts with Customers[1]
HKFRS 16	Leases[2]
HKFRS 17	Insurance Contracts[4]
HK(IFRIC)-Int 22	Foreign Currency Transactions and Advance Consideration[1]
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments[2]
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transaction[1]
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contract[1]
Amendments to HKFRS 9	Prepayment Features with Negative Compensation[2]
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 15	Clarification to HKFRS 15 Revenue from Contracts with Customers[1]
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement[2]
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures[2]
Amendments to HKAS 28	As part of the Annual Improvements to HKFRSs 2014–2016 Cycle[1]
Amendments to HKAS 40	Transfers of Investment Property[1]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015–2017 Cycle[2]

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

3. REVENUE, OTHER INCOME, OTHER GAINS AND LOSSES AND SEGMENT INFORMATION

Revenue, which is also the Group's turnover, represents construction contract receipts in the ordinary course of business. Revenue and other income, other gains and losses recognised during the reporting period are as follow:

	2018	2017
	HK$'000	*HK$'000*
Revenue		
Main contracting	**27,752**	64,638
Sub-contracting	**104,029**	154,010
	131,781	218,648
Other income, other gains and losses		
Rental income	**314**	345
Gain on disposal of property, plant and equipment	**1,215**	92
Dividend income from financial assets	**348**	–
Interest income	**658**	348
Loss on disposal of financial assets	**(257)**	–
Others	**9**	712
	2,287	1,497

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:

	2018	2017
	HK$'000	*HK$'000*
Customer A[2]	**43,345**	NA[4]
Customer B[3,5]	**26,978**	108,469
Customer C[2]	**21,719**	NA[4]
Customer D[2]	**18,824**	NA[4]
Customer E[2]	**NA[4]**	34,659
Customer F[1]	**NA[4]**	27,565

1 Revenue from main contracting.
2 Revenue from sub-contracting.
3 Revenue from both main contracting and sub-contracting.
4 The corresponding revenue did not contribute over 10% of the total revenue of the Group.
5 The customer represents a collective of companies within a group.

4. FINANCE COSTS

	2018 *HK$'000*	2017 *HK$'000*
Interest on finance leases	**218**	435

5. PROFIT BEFORE INCOME TAX

	2018 *HK$'000*	2017 *HK$'000*
Included in direct costs:		
Depreciation of owned assets	**2,154**	1,397
Depreciation of assets under finance leases	**2,290**	2,203
Staff costs	**22,354**	24,130
Operating lease rental in respect of		
— Plant and machinery	**2,342**	4,025
— Others	**20**	41
Included in administrative and other operating expenses:		
Auditors' remuneration	**750**	750
Depreciation of owned assets	**1,932**	1,971
Depreciation of assets under finance leases	**1,242**	1,354
Listing expenses	**–**	9,175
Operating lease rental in respect of		
— Premises	**1,302**	1,010
— Car parks	**156**	84
Staff costs, including directors' emoluments	**10,278**	7,146

6. INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profits arising in or derived from Hong Kong for the year.

	2018 *HK$'000*	2017 *HK$'000*
Hong Kong profits tax:		
Current tax on profits for the year	**889**	5,482
Adjustments in respective of prior year	**–**	159
Current income tax	**889**	5,641
Deferred income tax	**110**	282
Income tax expense	**999**	5,923

7. EARNINGS PER SHARE

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

	2018	2017
Profit attributable to owners of the Company (HK$'000)	**5,562**	18,158
Weighted average number of ordinary shares in issue (thousands of shares)	**4,000,000**	3,605,479
Basic earnings per share (HK cents)	**0.14**	0.50

The weighted average number of ordinary shares for the purpose of basic earnings per share for the year ended 31 March 2018 was derived from 4,000,000,000 ordinary shares in issue.

The weighted average number of ordinary shares for the purpose of basic earnings per share for the year ended 31 March 2017 was derived from 3,200,000,000 ordinary shares in issue as if these 3,200,000,000 ordinary shares were outstanding throughout the year and the effect of share offer by the Company.

The diluted earnings per share is equal to the basic earnings per share as there were no dilutive potential ordinary shares in issue during the years ended 31 March 2018 and 2017.

8. DIVIDENDS

	2018	2017
	HK$'000	*HK$'000*
Interim dividends paid	**–**	20,001

During the year ended 31 March 2017, the Company declared and paid an interim dividend of HK$20,001,100 to then shareholders of the Company. The rate of dividend and the number of shares ranking for dividend are not presented at such information is not meaningful having for the preparation of the consolidated financial statements.

No dividend was paid or proposed by the Board for the year ended 31 March 2018.

9. TRADE AND OTHER RECEIVABLES

	2018	2017
	HK$'000	*HK$'000*
Trade receivables	**35,079**	31,063
Retention receivables	**12,787**	12,491
Other receivables, deposits and prepayments	**6,247**	4,043
	54,113	47,597

Notes:

(a) The credit period granted to customers ranges from 30 to 32 days (2017: 30 to 60 days) generally. Trade receivables are denominated in HK$.

(b) The ageing analysis of the trade receivables based on invoice date are as follows:

	2018	2017
	HK$'000	*HK$'000*
0–30 days	**18,305**	23,536
31–60 days	**8,346**	7,527
61–90 days	**7,986**	–
Over 90 days	**442**	–
	35,079	31,063

10. SHARE CAPITAL

	Number of ordinary shares	**Share capital**
		HK$'000
Ordinary shares of HK$0.01 each		
Authorised:		
As at 31 March 2018 and 2017	**10,000,000,000**	**100,000**
Issued and fully paid:		
As at 31 March 2018 and 2017	**4,000,000,000**	**40,000**

11. TRADE AND OTHER PAYABLES

	2018	2017
	HK$'000	*HK$'000*
Trade payables	**11,722**	3,851
Retention payables	**2,168**	2,881
Accruals and other payables	**4,661**	3,033
	18,551	9,765

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:

	2018	2017
	HK$'000	*HK$'000*
0–30 days	**4,840**	2,235
31–60 days	**5,261**	626
61–90 days	**287**	9
Over 90 days	**1,334**	981
	11,722	3,851

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review and Outlook

The Group has more than 20 years history in Hong Kong 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, the principal operating subsidiary, is registered under the Buildings Ordinance as a Registered Specialist Contractor under the sub-register of "Foundation Works" category since December 2009.

During the Review Year and up to the date of this announcement, the Group had been awarded 9 projects with original contract sum of approximately HK$332.8 million and one of them awarded in the late 2017 had broken the highest record of original contract sum amount since the establishment of the Group. The Group had also completed 12 projects with original contract sum of approximately HK$240.3 million.

As at 31 March 2018, the Group had a total of 8 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$388.8 million.

During the Review Year, the keen competition in the foundation industry was further exacerbated. The difficult operating environment was caused by the increasing number of competitors seeking to tender projects and the rising costs persisted. Accordingly, the Group has adopted more competitive tender pricing policy and stringent control over the production costs in order to achieve reasonable project's gross margin. The Group anticipates that the keen competition in the foundation industry will continue in the near future.

Looking forward, the Group will continue to strengthen its market position, enhance the Group's competitive strengths and remain positive for the Government's housing target supply of 460,000 units from both the public and private sectors in the next decade.

Financial Review

Revenue

For the Review Year, the revenue of the Group has decreased by approximately HK$86.8 million, or approximately 39.7% compared to the corresponding year ended 31 March 2017, from approximately HK$218.6 million to approximately HK$131.8 million. The decrease was mainly because certain sizeable projects were newly awarded in late 2017 which were at the early stage and a few sizable projects awarded in previous years were substantially completed for the year ended 31 March 2017.

Gross Profit and Gross Profit Margin

For the Review Year, the gross profit of the Group has decreased by approximately HK$25.7 million, or approximately 50.2% compared to the corresponding year ended 31 March 2017, from approximately HK$51.2 million to approximately HK$25.5 million. The gross profit margin has decreased from 23.4% for the corresponding year ended 31 March 2017 to 19.4% for the Review Year. The decrease in gross profit and gross profit margin were mainly due to (i) the decrease in revenue as discussed above; (ii) the Group has adopted a more competitive tender pricing policy as a result of keen competition in order to secure new contracts; and (iii) some additional costs incurred for meeting the client's expectations in certain projects.

Administrative Expenses

For the Review Year, the administrative and other operating expenses have decreased by approximately HK$7.2 million or approximately 25.5% compared to the corresponding year ended 31 March 2017, from approximately HK$28.2 million to approximately HK$21.0 million. The decrease was primarily due to the recognition of the one-off listing expenses for the year ended 31 March 2017.

Finance Costs

For the Review Year, the finance cost has decreased by approximately HK$217,000 or approximately 49.9% compared to the corresponding year ended 31 March 2017, from approximately HK$435,000 to approximately HK$218,000. The decrease was primarily due to the repayment of loan principal in respect of the finance lease.

Profit attributable to owners of the Company

As a result of the aforesaid, the profit attributable to owners of the Company has decreased by approximately HK$12.6 million or approximately 69.2% compared to the corresponding year ended 31 March 2017, from approximately HK$18.2 million to approximately HK$5.6 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 2018, the Group had total bank balances of approximately HK$95.9 million (31 March 2017: approximately HK$92.1 million).

As at 31 March 2018, the gearing ratio of the Group, calculated by total bank borrowings (including finance lease liabilities) as a percentage of total equity was approximately 1.7% (31 March 2017: approximately 5.0%).

Treasury Policy

The Group has adopted a prudent financial management approach towards it 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.

It is one of the treasury policies of the Group to make use of certain surplus funds retained by the Group by way of investment in unlisted securities. In April 2017, the Group purchased approximately 76,000 units in a bond fund at a total cost of HK$5.0 million. In June 2017, the Group purchased approximately 458,000 units in another bond fund at a total cost of approximately HK$4.5 million. Both bond funds were sold in March 2018 subsequently with a net gain of approximately HK$0.1 million.

Pledge of Assets

As at 31 March 2018, the Group had approximately HK$2.8 million of pledge bank deposits (31 March 2017: approximately HK$3.7 million), while approximately HK$6.4 million of net book value of our plant, machinery and equipment were pledged under finance leases (31 March 2017: approximately HK$10.7 million of net book value of our plant, machinery and equipment and motor vehicles were pledged under finance leases).

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$7.7 million in the purchase of property, plant and equipment. All these capital expenditures were financed by internal resources.

Capital Commitments and Contingent Liabilities

As at 31 March 2018, the Group had no material capital commitments or contingent liabilities.

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 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**"). Such uses include: (i) acquisition of excavators, cranes and breakers; (ii) strengthening the workforce and manpower; (iii) increasing marketing efforts; and (iv) funding of general working capital. Details of the use of the proceeds are listed as below:

	Planned use of Proceeds up to 31 March 2018 *HK$'000*	**Actual Usage up to 31 March 2018** *HK$'000*
Acquisition of excavators, cranes and breakers	40,000	11,653
Strengthening the workforce and manpower	7,900	3,997
Increasing marketing efforts	2,100	1,461
Funding of general working capital	8,000	8,000
Total	58,000	25,111

The business objectives, future plans and planned use of proceeds as stated in the Prospectus were based on the best estimation and assumption of future market conditions made by the Group at the time of preparing the Prospectus while the proceeds were applied based on the actual development of the Group's business and the industry.

Employees and Remuneration Policy

As at 31 March 2018, the Group employed a total of 64 full-time employees (including executive Directors), as compared to a total of 54 full-time employees as at 31 March 2017. 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$32.6 million compared to approximately HK$31.3 million in the corresponding year ended 31 March 2017.

Events after the Review Year

The Directors confirm that no significant event has taken place after the Review Year.

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 Listing Rules. To the best knowledge of the Board, the Company has complied with 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 2018.

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.

Compliance Adviser's Interests

As notified by the Company's compliance adviser, Grande Capital Limited (the "**Compliance Adviser**"), as at 31 March 2018, except for the compliance adviser agreement entered into between the Company and the Compliance Adviser dated 29 January 2018, the Compliance Adviser nor its directors, employees or close associates had any interests in relation to the Company, which is required to be notified to the Company pursuant to the Listing Rules.

Change of Compliance Adviser

Dakin Capital Limited ("**Dakin**") has resigned as the compliance adviser of the Company with effect from 1 February 2018 due to the change in personnel of Dakin. Grande Capital Limited has been appointed as the new compliance adviser of the Company pursuant to Rule 3A.27 of the Listing Rules with effect from 1 February 2018. For further details, please refer to the announcement of the Company dated 31 January 2018.

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 2018 AGM will be held on Thursday 6, September 2018. 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, 1 September 2018 to Thursday, 6 September 2018 (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, 31 August 2018.

Audit Committee

The Company established an 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.

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 website of the Stock Exchange (www.hkexnews.hk) and on the website of the Company (www.shunwogroup.com). The annual report of the Company for the Review Year containing all the relevant information required by the Listing Rules will be dispatched to the shareholders of the Company on the 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, 25 June 2018

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