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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 2021

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

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2021

	<i>Notes</i>	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Revenue	3	144,359	134,392
Direct costs		<u>(121,309)</u>	<u>(140,540)</u>
Gross profit/(loss)		23,050	(6,148)
Other income, other gains and losses	4	4,942	1,090
Change in fair value of financial assets at fair value through profit or loss		(18)	(2,488)
Administrative and other operating expenses		(22,802)	(22,146)
Net impairment losses on financial assets and contract assets		<u>(11,614)</u>	<u>(2,960)</u>
Loss before income tax	5	(6,442)	(32,652)
Income tax credit/(expense)	6	<u>369</u>	<u>(401)</u>
Loss and total comprehensive expense for the year attributable to owners of the Company		<u><u>(6,073)</u></u>	<u><u>(33,053)</u></u>
Loss per share attributable to owners of the Company			
— Basic and diluted loss per share (HK cents)	7	<u><u>(0.15)</u></u>	<u><u>(0.83)</u></u>

Details of dividends are disclosed in note 8.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2021

	<i>Notes</i>	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
ASSETS			
Non-current assets			
Property, plant and equipment		19,674	16,912
Right-of-use assets		34	1,147
		19,708	18,059
Current assets			
Contract assets		36,303	38,850
Trade and other receivables	9	10,481	20,259
Financial assets at fair value through profit or loss		–	2,274
Current income tax recoverable		–	753
Pledged bank deposit		5,004	–
Bank balances and cash		39,793	39,517
		91,581	101,653
Total assets		111,289	119,712
EQUITY			
Equity attributable to owners of the Company			
Capital and reserves			
Share capital	10	40,000	40,000
Reserves		51,811	57,884
Total equity		91,811	97,884
LIABILITIES			
Non-current liabilities			
Deferred tax liabilities		–	369
Current liabilities			
Trade and other payables	11	19,478	21,392
Lease liabilities		–	67
		19,478	21,459
Total liabilities		19,478	21,828
Total equity and liabilities		111,289	119,712
Net current assets		72,103	80,194
Total assets less current liabilities		91,811	98,253

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 2021, 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 all applicable 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 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. 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

(a) *New and amended standards and interpretations adopted by the Group*

The Group has applied the following standards and amendments for the first time for their annual reporting period commencing 1 April 2020:

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

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

(b) *New and amended standards in issue but not yet effective and not been early adopted*

A number of new standards, amendments and interpretations to standards have been published that are not mandatory for the year ended 31 March 2021 and have not been early adopted by the Group.

HKFRS 17	Insurance Contracts and the related amendments ¹
Amendment to HKFRS 16	Covid-19-Related Rent Concessions ⁴
Amendment to HKFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021 ⁶
Amendments to HKFRS 3	Reference to the Conceptual Framework ²
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform — Phase 2 ⁵
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) ¹
Amendment 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
Amendments to HKAS 16	Property, Plant and Equipment — Proceeds before Intended Use ²
Amendments to HKAS 37	Onerous Contracts — Cost of Fulfilling a Contract ²
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018–2020 ²

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

² Effective for annual periods beginning on or after 1 January 2022.

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

⁴ Effective for annual periods beginning on or after 1 June 2020.

⁵ Effective for annual periods beginning on or after 1 January 2021.

⁶ Effective for annual periods beginning on or after 1 April 2021

The directors of the Company anticipate that the application of all these new standards, amendments and interpretations to standards will have no material impact on the consolidated financial statements of the Group.

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 reporting period are as follows:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Revenue		
Main contracting	121,910	74,839
Sub-contracting	22,449	59,553
	<u>144,359</u>	<u>134,392</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:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Customer A	71,703	72,084
Customer B	35,642	N/A ¹
Customer C	N/A ¹	41,718
	<u> </u>	<u> </u>

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

4. OTHER INCOME, OTHER GAINS AND LOSSES

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Rental income	1,335	201
Gain on disposal of property, plant and equipment	102	–
Net foreign exchange loss	(26)	(9)
Interest income	58	619
Government grants <i>(Note)</i>	2,228	–
Gain on disposal of steel platform	1,241	–
Others	4	279
	<u>4,942</u>	<u>1,090</u>

Note: During the Review Year, these primarily represented government subsidies granted due to the COVID-19 pandemic which included subsidies of approximately HK\$2,148,000 under the employment support scheme.

5. LOSS BEFORE INCOME TAX

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Included in direct costs:		
Depreciation of property, plant and equipment	2,933	4,620
Staff costs	19,299	28,759
Expense relating to short-term leases not included in the measurement of lease liabilities	—	134
	<u> </u>	<u> </u>
Included in administrative and other operating expenses:		
Auditors' remuneration	700	750
Depreciation of property, plant and equipment	3,673	2,562
Depreciation of right-of-use assets	1,113	—
Expense relating to short-term leases not included in the measurement of lease liabilities	540	1,886
Staff costs, including directors' emoluments	12,149	11,925
	<u> </u>	<u> </u>

6. INCOME TAX (CREDIT)/EXPENSE

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Current income tax		
— Under-provision in prior years	—	888
Deferred income tax	(369)	(487)
	<u> </u>	<u> </u>
Income tax (credit)/expense	<u> </u>	<u> </u>

7. LOSS PER SHARE

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

	2021	2020
Loss attributable to owners of the Company (HK\$'000)	(6,073)	(33,053)
Weighted average number of ordinary shares in issue (thousands of shares)	4,000,000	4,000,000
	<u> </u>	<u> </u>
Basic loss per share (HK cents)	<u> </u>	<u> </u>

The diluted loss per share is equal to the basic loss per share as there were no dilutive potential ordinary shares in issue during the years ended 31 March 2021 and 2020.

8. DIVIDENDS

No dividend was paid or proposed by the Board for the year ended 31 March 2021 (2020: Nil).

9. TRADE AND OTHER RECEIVABLES

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Trade receivables	22,898	16,780
Less: allowance for credit losses	(14,603)	(1,373)
	8,295	15,407
Other receivables, deposits and prepayments	2,186	4,852
	10,481	20,259

Notes:

- (a) The credit period granted to customers ranges from 14 to 60 days (2020: 14 to 32 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:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
0–30 days	5,904	5,758
31–60 days	–	1,123
61–90 days	1,157	1,765
Over 90 days	1,234	6,761
	8,295	15,407

10. SHARE CAPITAL

	Number of ordinary shares	Share capital <i>HK\$'000</i>
Ordinary shares of HK\$0.01 each		
Authorised:		
As at 31 March 2021 and 2020	10,000,000,000	100,000
Issued and fully paid:		
As at 31 March 2021 and 2020	4,000,000,000	40,000

11. TRADE AND OTHER PAYABLES

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Trade payables	13,739	12,497
Retention payables	3,096	6,237
Accruals and other payables	2,643	2,658
	<u>19,478</u>	<u>21,392</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:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
0–30 days	5,294	7,483
31–60 days	3,566	4,829
61–90 days	18	121
Over 90 days	4,861	64
	<u>13,739</u>	<u>12,497</u>

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, 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.

As at 31 March 2021, the Group had a total of 10 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\$200.6 million.

Subsequent to 31 March 2021 and up to the date of this announcement, two more new projects with the original contract sum of approximately HK\$92.3 million were awarded to the Group.

Although the challenging business operating environment of the foundation industry was further exacerbated, the Group recorded increase in revenue, improvement in gross margin and reduced its net loss to HK\$6.1 million during the Review Year.

Looking forward, the foundation industry is expected to be full of challenges and uncertainties. The persisted poor social atmosphere in Hong Kong as well as the keen competition, coupled with the outbreak of the COVID-19 pandemic will have impacts on the foundation industry and the impact and pressure brought by the COVID-19 pandemic are yet to be alleviated and its effects are difficult to estimate. These negative impacts will not be disappeared in a short period of time and the market recovery will be a long path.

In such challenging times, the management is mindful of the uncertainties and staying cautious. The Group is also flexibly adjusting its competitive tender pricing policy and stringent control over the production costs in order to achieve reasonable projects' gross margin.

On the whole, the Group will continue to strengthen its market positions, enhance the Group's competitive strengths and remain positive about the future.

Financial Review

Revenue

For the Review Year, the revenue of the Group has increased by approximately HK\$10.0 million, or approximately 7.4% compared to the corresponding year ended 31 March 2020, from approximately HK\$134.4 million to approximately HK\$144.4 million. The increase in revenue was mainly because of the newly awarded projects undertaken by the Group in the second half of year ended 31 March 2021.

Gross profit/(loss) and gross profit/(loss) margin

For the Review Year, the Group reported gross profit of approximately HK\$23.1 million compared to gross loss of approximately HK\$6.1 million to the corresponding year ended 31 March 2020. The gross margin has improved from gross loss margin of 4.6% for the corresponding year ended 31 March 2020 to gross profit margin of 16.0% for the Review Year. The improved performances of the gross profit and gross profit margin were the result of the adjustment of the tender pricing policy and the stringent control over the production costs during the Review Year.

Other income, other gains and losses

For the Review Year, the other income, other gains and losses has increased by approximately HK\$3.8 million compared to the corresponding year ended 31 March 2020, from approximately HK\$1.1 million to approximately HK\$4.9 million. The increase was due to the increase in rental income, gain on disposal of steel platform and the receipts of government grants in respect of COVID-19's subsidies.

Administrative and other operating expenses

For the Review Year, the administrative and other operating expenses have increased by approximately HK\$0.7 million or approximately 3.0% compared to the corresponding year ended 31 March 2020, from approximately HK\$22.1 million to approximately HK\$22.8 million.

Net impairment losses on financial assets and contract assets

For the Review Year, the net impairment losses on financial assets and contract assets have increased by approximately HK\$8.6 million compared to the corresponding year ended 31 March 2020, from approximately HK\$3.0 million to approximately HK\$11.6 million. The increase was due to the net increase in expected credit loss on trade receivables and contract assets for particular clients.

Net loss

As a result of the aforesaid, during the Review Year, the Group reported a net loss of approximately HK\$6.1 million compared to a net loss of approximately HK\$33.1 million to the corresponding year ended 31 March 2020.

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 2021, the Group had total bank balances (including pledged bank deposit) of approximately HK\$44.8 million (31 March 2020: approximately HK\$39.5 million).

As at 31 March 2021 and 2020, 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 2021, the gearing ratio (calculated as total borrowings divided by the total equity) was Nil (31 March 2020: Nil).

Pledge of Assets

As at 31 March 2021, the Group had approximately HK\$5.0 million of bank deposit being pledged to secure the banking facility granted to the Group (31 March 2020: cash collateral of HK\$3.7 million).

Exposure to Foreign Exchange Rate Risks

As the Group only operates in Hong Kong and most 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\$9.4 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 2021, 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**”) 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:

	Revised use of Proceeds up to 31 March 2021 HK\$'000	Actual Usage up to 31 March 2021 HK\$'000	Unutilised Usage up to 31 March 2021 HK\$'000	Expected Timeline for Utilising the Unutilised Proceeds
Acquisition of excavators, cranes and breakers	41,000	33,164	7,836	On or before 31 March 2022
Strengthening the workforce and manpower	15,000	15,000	–	Not applicable
Increasing marketing efforts	4,200	4,200	–	Not applicable
Funding of general working capital	8,000	8,000	–	Not applicable
Financing the up-front costs of projects	12,000	2,604	9,396	On or before 31 March 2022
Financing the issuance of performance bonds	4,000	–	4,000	On or before 31 March 2022
Total	<u>84,200</u>	<u>62,968</u>	<u>21,232</u>	

As discussed in the announcement of the Company dated on 8 January 2021, the Board has resolved to change the proposed use of the net proceeds and considered that it is vital to ensure that the Group has sufficient working capital to support its ongoing projects and daily operations in case of any unexpected material delay or disruption in projects implementation.

The Board further considered that such changes would allow the Group to better accommodate with the changing market conditions and are therefore in the interests of the Group and the Shareholders as a whole.

Employees and Remuneration Policy

As at 31 March 2021, the Group employed a total of 61 full-time employees (including executive Directors), as compared to a total of 58 full-time employees as at 31 March 2020. 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\$31.4 million compared to approximately HK\$40.7 million in the corresponding year ended 31 March 2020.

Events after the Review Year

There is no material subsequent event undertaken by the Group after 31 March 2021 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 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 2021.

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 2021 AGM will be held on Thursday, 9 September 2021. 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, 4 September 2021 to Thursday, 9 September 2021 (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, 3 September 2021.

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.

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.

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

Hong Kong, 25 June 2021

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