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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 2022

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

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2022

	<i>Notes</i>	2022 <i>HK\$’000</i>	2021 <i>HK\$’000</i>
Revenue	3	242,292	144,359
Direct costs		<u>(224,925)</u>	<u>(121,309)</u>
Gross profit		17,367	23,050
Other income, other gains and losses	4	1,539	4,942
Change in fair value of financial assets at fair value through profit or loss		–	(18)
Administrative and other operating expenses		(22,390)	(22,802)
Net impairment losses on financial assets and contract assets		<u>(1,011)</u>	<u>(11,614)</u>
Loss before income tax	5	(4,495)	(6,442)
Income tax credit	6	<u>–</u>	<u>369</u>
Loss and total comprehensive expense for the year attributable to owners of the Company		<u>(4,495)</u>	<u>(6,073)</u>
Loss per share attributable to owners of the Company			
— Basic and diluted loss per share (HK cents)	7	<u>(0.11)</u>	<u>(0.15)</u>

Details of dividends are disclosed in note 8.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2022

	Notes	2022 HK\$'000	2021 HK\$'000
ASSETS			
Non-current assets			
Property, plant and equipment		14,276	19,674
Right-of-use assets		101	34
		<u>14,377</u>	<u>19,708</u>
Current assets			
Contract assets		48,234	36,303
Trade and other receivables	9	56,597	10,481
Pledged bank deposit		5,016	5,004
Bank balances and cash		17,964	39,793
		<u>127,811</u>	<u>91,581</u>
Total assets		<u><u>142,188</u></u>	<u><u>111,289</u></u>
EQUITY			
Equity attributable to owners of the Company			
Capital and reserves			
Share capital	10	40,000	40,000
Reserves		47,316	51,811
		<u>87,316</u>	<u>91,811</u>
Total equity		<u><u>87,316</u></u>	<u><u>91,811</u></u>
LIABILITIES			
Current liabilities			
Trade and other payables	11	54,872	19,478
		<u>54,872</u>	<u>19,478</u>
Total liabilities		<u><u>54,872</u></u>	<u><u>19,478</u></u>
Total equity and liabilities		<u><u>142,188</u></u>	<u><u>111,289</u></u>
Net current assets		<u>72,939</u>	<u>72,103</u>
Total assets less current liabilities		<u><u>87,316</u></u>	<u><u>91,811</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 2022, 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

i. New and amended standards adopted by the Group

The Group has applied the following new and amended standards for the first time for their annual reporting period commencing 1 April 2021:

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

The application of the amendments to HKFRSs in the current year 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 and amended standards in issue but not yet effective and not been early adopted

A number of new and amended standards have been published that are not mandatory for the year ended 31 March 2022 and have not been early adopted by the Group.

HKFRS 17	Insurance Contracts and the related Amendments ²
Amendments to HKFRS 17	Initial Application of HKFRS 17 and HKFRS 9 — Comparative Information ²
Amendments to HKFRS 3	Reference to the Conceptual Framework ¹
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) ²
Amendments to HKAS 1 and HKFRS Practice Standard 2	Disclosure of Accounting Policies ²
Amendments to HKAS 8	Definition of Accounting Estimates ²
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction ²
Amendments to HKAS 16	Property, Plant and Equipment — Proceeds before Intended Use ¹
Amendments to HKAS 37	Onerous Contracts — Cost of Fulfilling a Contract ¹
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018–2020 ¹

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

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

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

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

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 reporting period are as follows:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Revenue		
Main contracting	180,777	121,910
Sub-contracting	61,515	22,449
	242,292	144,359

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:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Customer A	110,462	71,703
Customer B	N/A ¹	35,642
Customer C	56,003	N/A ¹
Customer D	35,265	N/A ¹

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

4. OTHER INCOME, OTHER GAINS AND LOSSES

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Rental income	547	1,335
Gain on disposal of property, plant and equipment	83	102
Net foreign exchange loss	–	(26)
Interest income	13	58
Government grants <i>(Note)</i>	–	2,228
Gain on disposal of steel platform	866	1,241
Others	30	4
	1,539	4,942

Note: During the year ended 31 March 2021, the Group recognised government grants in respect of COVID-19 pandemic which included subsidies of HK\$2,148,000 under the employment support scheme. There was no unfulfilled condition in respect of the grants.

5. LOSS BEFORE INCOME TAX

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Included in direct costs:		
Depreciation of property, plant and equipment	3,257	2,933
Staff costs	20,515	19,299
Included in administrative and other operating expenses:		
Auditors' remuneration	720	700
Write-off of trade receivables	339	–
Depreciation of property, plant and equipment	2,676	3,673
Depreciation of right-of-use assets	34	1,113
Expense relating to short-term leases not included in the measurement of lease liabilities	2,820	540
Staff costs, including directors' emoluments	<u>10,617</u>	<u>12,149</u>

6. INCOME TAX CREDIT

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Deferred income tax	<u>–</u>	<u>(369)</u>
Income tax credit	<u>–</u>	<u>(369)</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.

	2022	2021
Loss attributable to owners of the Company (<i>HK\$'000</i>)	(4,495)	(6,073)
Weighted average number of ordinary shares in issue (<i>thousands of shares</i>)	<u>4,000,000</u>	<u>4,000,000</u>
Basic loss per share (<i>HK cents</i>)	<u>(0.11)</u>	<u>(0.15)</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 2022 and 2021.

8. DIVIDENDS

No dividend was paid or proposed by the Board for the year ended 31 March 2022 (2021: Nil).

9. TRADE AND OTHER RECEIVABLES

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Trade receivables	69,079	22,898
Less: allowance for credit losses	<u>(15,883)</u>	<u>(14,603)</u>
	53,196	8,295
Other receivables, deposits and prepayments	<u>3,401</u>	<u>2,186</u>
	<u><u>56,597</u></u>	<u><u>10,481</u></u>

Notes:

- (a) The credit period granted to customers ranges from 14 to 60 days (2021: 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:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
0–30 days	26,455	5,904
31–60 days	26,184	–
61–90 days	–	1,157
Over 90 days	<u>557</u>	<u>1,234</u>
	<u><u>53,196</u></u>	<u><u>8,295</u></u>

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 2022 and 2021	<u><u>10,000,000,000</u></u>	<u><u>100,000</u></u>
Issued and fully paid:		
As at 31 March 2022 and 2021	<u><u>4,000,000,000</u></u>	<u><u>40,000</u></u>

11. TRADE AND OTHER PAYABLES

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Trade payables	45,726	13,739
Retention payables	5,668	3,096
Accruals and other payables	<u>3,478</u>	<u>2,643</u>
	<u><u>54,872</u></u>	<u><u>19,478</u></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:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
0–30 days	14,114	5,294
31–60 days	20,199	3,566
61–90 days	6,515	18
Over 90 days	<u>4,898</u>	<u>4,861</u>
	<u><u>45,726</u></u>	<u><u>13,739</u></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 ("**Hop Kee**"), 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 2022, the Group had a total of 9 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\$422.4 million.

Subsequent to 31 March 2022 and up to the date of this announcement, two more new projects with the original contract sum of approximately HK\$149.7 million were awarded to the Group.

Although the challenging business operating environment of the foundation industry was further exacerbated, the Group reported a new record high in revenue and narrowed its net loss to HK\$4.5 million during the Review Year.

As mentioned in the interim report for the six months ended 30 September 2021 published on 17 December 2021, amid the most challenging and uncertain period from the COVID-19 pandemic, the Group has been actively reforming and seeking new business opportunities for the Group's sustainable development. In July 2021, the Group's principal operating subsidiary, Hop Kee was included in the List of Approved Suppliers of Materials and Specialist Contractors for Public Works of land piling (Group II) for Rock-socketed Steel H-pile in Pre-bored Hole and Steel H Pile under the Development Bureau. Hence, it would create more business opportunities for carrying out the above categories of specialist works in the government and public sector.

Looking forward, the keen competition amongst the market players persist in the foundation industry, coupled with the increasing trend of the costs of the raw materials, fuels and logistics will exert pressure on the business of the Group. However, the Group will continue to strengthen its market positions, enhance the Group's competitive strengths and remain optimistic about the future.

Financial Review

Revenue

The revenue of the Group was approximately HK\$242.3 million for the Review Year, representing an increase of approximately HK\$97.9 million or 67.8% compared to the corresponding year ended 31 March 2021. The increase in revenue was mainly because of the award of few sizable construction projects in early 2021 and undertaken during the Review Year.

Gross profit and gross profit margin

The gross profit of the Group was approximately HK\$17.4 million for the Review Year, representing a decrease of approximately HK\$5.7 million or 24.7% compared to the corresponding year ended 31 March 2021. The gross profit margin was approximately 7.2% for the Review Year, representing a drop of 8.8 percentage points (“**p.p**”) compared to the corresponding year ended 31 March 2021 of approximately 16.0%.

The decrease in gross profit and gross profit margin was the result of the unprecedented increases in raw materials prices, fuels and logistics costs since the second half of the Review Year. The Group will continue to re-adjusting its tender pricing policy in order to maintain a healthy gross profit margin.

Other income, other gains and losses

For the Review Year, the other income, other gains and losses of the Group was approximately HK\$1.5 million, representing a decrease of approximately HK\$3.4 million or 69.4% compared to the corresponding year ended 31 March 2021. The significant decrease was due to the decrease in rental income and no government grants (mainly employment support scheme) was received during the Review Year.

Administrative and other operating expenses

For the Review Year, the administrative and other operating expenses was approximately HK\$22.4 million, representing a decrease of approximately HK\$0.4 million or 1.8% compared to the corresponding year ended 31 March 2021. The decrease was the result of the implementation of more stringent controls over the general expenditure during the Review Year.

Net impairment losses on financial assets and contract assets

For the Review Year, the net impairment losses on financial assets and contract assets was approximately HK\$1.0 million, representing a decrease of approximately HK\$10.6 million or 91.4% compared to the corresponding year ended 31 March 2021. The significant decrease was due to improvement in the collection of receivables from the customers.

Net loss

As a result of the aforesaid, a net loss of the Group was approximately HK\$4.5 million for the Review Year, representing a reduction of loss of approximately HK\$1.6 million, compared to the corresponding year ended 31 March 2021.

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 2022, the Group had total bank balances (including pledged bank deposit) of approximately HK\$23.0 million (31 March 2021: approximately HK\$44.8 million).

As at 31 March 2022 and 2021, 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 2022, the gearing ratio (calculated as total borrowings divided by the total equity) was Nil (31 March 2021: Nil).

Pledge of Assets

As at 31 March 2022, the Group had approximately HK\$5.0 million of bank deposit being pledged to secure the banking facility granted to the Group (31 March 2021: 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\$2.5 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 2022, 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:

	Original allocation HK\$'000	Revised allocation HK\$'000	Actual Usage up to 31 March 2021 HK\$'000	Actual Usage during the Review Year HK\$'000	Actual Usage up to 31 March 2022 HK\$'000	Unutilised Usage up to 31 March 2022 HK\$'000	Expected timeline for fully utilising the remaining Net Proceeds ^(Note) HK\$'000
Acquiring excavators, cranes and breakers	55,000	41,000	33,164	2,440	35,604	5,396	On or before 31 March 2023
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	2,604	9,396	12,000	–	Not applicable
Financing the issuance of performance bonds	–	4,000	–	–	–	4,000	On or before 31 March 2023
Total	<u>84,200</u>	<u>84,200</u>	<u>62,968</u>	<u>11,836</u>	<u>74,804</u>	<u>9,396</u>	

Note: The previous revised timeline for fully utilising the remaining Net Proceeds was 31 March 2022 but the Board has decided to postpone the timeline until 31 March 2023 due to (i) the current development of the Group’s business and the industry; (ii) there was no requirement of issuance of performance bonds for the newly awarded projects during the Review Year.

Employees and Remuneration Policy

As at 31 March 2022, the Group employed a total of 72 full-time employees (including executive Directors), as compared to a total of 61 full-time employees as at 31 March 2021. 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\$31.1 million compared to approximately HK\$31.4 million in the corresponding year ended 31 March 2021.

Events after the Review Year

There is no material subsequent event undertaken by the Group after 31 March 2022 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 2022.

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 2022 AGM will be held on Thursday, 8 September 2022. 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, 3 September 2022 to Thursday, 8 September 2022 (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, 2 September 2022.

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 2022, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 March 2022 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 2022. 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, 28 June 2022

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.