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SH GROUP (HOLDINGS) LIMITED

順興集團(控股)有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1637)

**INTERIM RESULTS ANNOUNCEMENT
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2017**

FINANCIAL HIGHLIGHTS

(for the six months ended 30 September 2017)

- Revenue was HK\$182.9 million (2016: HK\$111.5 million)
- Gross profit was HK\$33.2 million (2016: HK\$14.7 million)
- Profit for the period attributable to owners of the Company was HK\$20.2 million (2016: loss of HK\$2.5 million)
- Basic earnings per share was HK5.1 cents per share (2016: loss of HK0.8 cent per share)

INTERIM RESULTS

The board (the “Board”) of directors (the “Directors”) of SH Group (Holdings) Limited (the “Company”) is pleased to present the unaudited consolidated interim results of the Company and its subsidiaries (collectively as the “Group”) for the six months ended 30 September 2017 (the “Current Period”), together with the comparative figures for the six months ended 30 September 2016 (the “Last Period”) as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 September 2017

	<i>Notes</i>	For the six months ended	
		2017	2016
		HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)
Revenue	4	182,900	111,497
Direct costs		(149,678)	(96,847)
Gross profit		33,222	14,650
Other income		323	73
Other gains and losses		—	180
Administrative expenses		(8,841)	(5,876)
Listing expenses		—	(9,814)
Finance costs		(206)	(226)
Profit (loss) before taxation		24,498	(1,013)
Income tax expense	5	(4,276)	(1,480)
Profit (loss) and total comprehensive income (expenses) for the period		20,222	(2,493)
Earnings (loss) per share			
– Basic (HK cents)	6	5.1	(0.8)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2017

		As at	
		30 September 2017	31 March 2017
	<i>Notes</i>	HK\$'000 (Unaudited)	HK\$'000 (Audited)
Non-current assets			
Property and equipment		22,551	22,857
Deposits		2,000	1,911
Pledged bank deposits		31,073	31,188
Deferred tax assets		22	27
		55,646	55,983
Current assets			
Trade receivables	8	42,720	20,257
Other receivables, deposits and prepayments		37,720	35,661
Amounts due from customers for contract work	9	51,477	53,583
Bank balances and cash		123,900	100,259
		255,817	209,760
Current liabilities			
Trade and bills payables	10	23,395	19,048
Other payables and accrued charges		38,577	33,556
Amounts due to customers for contract work	9	18,104	4,727
Tax payable		4,895	636
Bank borrowings		13,509	14,963
		98,480	72,930
Net current assets		157,337	136,830
Total assets less current liabilities		212,983	192,813
Non-current liabilities			
Provisions		305	357
Net assets		212,678	192,456
Capital and reserves			
Share capital		4,000	4,000
Reserves		208,678	188,456
Equity attributable to owners of the Company		212,678	192,456

Notes:

1. GENERAL INFORMATION

The Company was incorporated and registered as an exempted company with limited liability in the Cayman Islands under the Cayman Companies Law on 9 May 2016. The address of the Company's registered office and the principal place of business are Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands and Units 605-606, 6/F., Tower I, Cheung Sha Wan Plaza, 833 Cheung Sha Wan Road, Kowloon, Hong Kong, respectively. Its immediate and ultimate holding company is Prosperously Legend Limited ("Prosperously Legend"), which was incorporated in the British Virgin Islands ("BVI") and wholly-owned by Mr. Yu Cheung Choy ("Mr. Yu"), who is also the Chairman and executive Director of the Company. The shares of the Company were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 3 January 2017 (the "Listing Date") through global offering (the "Global Offering") as described in the section "Structure and Condition of the Global Offering" in the prospectus of the Company dated 19 December 2016 (the "Prospectus").

The Company and its subsidiaries (collectively as the "Group") are principally engaged in providing electrical and mechanical engineering ("E&M engineering") services in Hong Kong.

2. BASIS OF PREPARATION

The condensed consolidated financial statements of the Group for the six months ended 30 September 2017 have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange and with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). The condensed consolidated financial statements should be read in conjunction with the Group's consolidated financial statements for the year ended 31 March 2017, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs").

Pursuant to the reorganisation of the Group (the "Reorganisation") in connection with the Global Offering as described in the section "History, Reorganisation and Corporate Structure" in the Prospectus, the Company became the holding company of the companies now comprising the Group on 30 June 2016. The Company and its subsidiaries have been under the common control of the controlling shareholders, namely Mr. Yu and Mr. Lau Man Ching ("Mr. Lau"), who is the Chief Executive Officer and executive Director of the Company, throughout the six months ended 30 September 2016 or since their respective dates of incorporation, where there is a shorter period. Accordingly, the condensed consolidated financial statements have been prepared under the principles of merger accounting in accordance with the Accounting Guideline 5 "Merger Accounting For Common Control Combinations" issued by the HKICPA. The condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six months ended 30 September 2016 include the results, changes in equity and cash flows of the companies now comprising the Group as if the current group structure had been in existence throughout the six months ended 30 September 2016, or since their respective dates of incorporation, where this is a shorter period.

3. APPLICATION OF HONG KONG FINANCIAL REPORTING STANDARDS AND PRINCIPAL ACCOUNTING POLICIES

In the current interim period, the Group has applied, for the first time, certain amendments to HKFRSs issued by the HKICPA that are mandatorily effective for the accounting period beginning on or after 1 April 2017.

The application of the amendments to HKFRSs in the current interim period has had no material effect on the amounts reported in these condensed consolidated financial statements and/or disclosures set out in these condensed consolidated financial statements while the application of these amendments will have impact to the disclosures in the consolidated financial statements for the year ending 31 March 2018.

The condensed consolidated financial statements have been prepared on the historical cost basis.

The accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 September 2017 are the same as those followed in the preparation of the Group's consolidated financial statements for the year ended 31 March 2017.

4. REVENUE AND SEGMENT INFORMATION

Revenue represents the fair value of amounts received or receivable from the engineering service contracts by the Group to external customers. The Group's revenue is solely derived from E&M engineering services with the focus on the supply, installation and maintenance of mechanical, ventilation and air-conditioning system ("MVAC system") in Hong Kong during the six months ended 30 September 2017 and 2016. For the purpose of resources allocation and performance assessment, the chief operating decision maker (that is, Mr. Yu and Mr. Lau) reviews the overall results and financial position of the Group as a whole. Accordingly, the Group has only one single operating segment and no further discrete financial information nor analysis of this single segment is presented.

Geographical information

No geographical segment information is presented as the Group's revenue are all derived from Hong Kong based on the location of services delivered and the Group's property and equipment amounting to HK\$22,551,000 (Unaudited) as at 30 September 2017 (As at 31 March 2017: HK\$22,857,000 (Audited)) are all located in Hong Kong by physical location of assets.

Information about major customers

Revenue attributed from customers that accounted for 10% or more of the Group's total revenue during the period is as follows:

	For the six months ended	
	30 September	
	2017	2016
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Customer A	59,983	23,891
Customer B	41,777	N/A*
Customer C	38,316	N/A*
Customer D	N/A*	23,072
Customer E	N/A*	13,387

* Revenue from the relevant customer was less than 10% of the Group's total revenue for the respective period.

5. INCOME TAX EXPENSE

	For the six months ended	
	30 September	
	2017	2016
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Current tax – Hong Kong Profits Tax	4,271	1,488
Deferred taxation	5	(8)
	<u>4,276</u>	<u>1,480</u>

Hong Kong Profits Tax is calculated at 16.5% (2016: 16.5%) of the estimated assessable profit for both periods.

6. EARNINGS (LOSS) PER SHARE

The calculation of basic earnings (loss) per share is based on the following data:

	For the six months ended	
	30 September	
	2017	2016
	(Unaudited)	(Unaudited)
Earnings (loss):		
Earnings (loss) for the purpose of calculating basic earnings (loss) per share (profit (loss) for the period attributable to owners of the Company) (HK\$'000)	<u>20,222</u>	<u>(2,493)</u>
Number of shares:		
Weighted average number of ordinary shares for the purpose of calculating basic earnings (loss) per share (<i>note</i>)	<u>400,000,000</u>	<u>320,000,000</u>

Note: The weighted average number of ordinary shares for the purpose of calculating basic loss per share for the six months ended 30 September 2016 has been adjusted for the capitalisation issue in connection with the Global Offering (the “Capitalisation Issue”) as described in the section “History, Reorganisation and Corporate Structure” in the Prospectus and taking into consideration the effect of the Reorganisation.

7. DIVIDENDS

No dividend was paid or declared by the Company or any group entities during the six months ended 30 September 2017 and 2016. The Board did not declare any interim dividend for the six months ended 30 September 2017 (2016: Nil).

8. TRADE RECEIVABLES

The Group grants credit terms of 30 days to its customers from the date of invoices on progress billings of contract works. An aged analysis of the trade receivables presented based on the invoice date at the end of each reporting period is as follows:

	As at	
	30 September	31 March
	2017	2017
	HK\$'000	HK\$'000
	(Unaudited)	(Audited)
0 - 30 days	31,778	10,500
31 - 60 days	1,940	7,563
61 - 90 days	8,516	1,291
Over 90 days	486	903
	<u>42,720</u>	<u>20,257</u>

9. AMOUNTS DUE FROM/TO CUSTOMERS FOR CONTRACT WORK

	As at	
	30 September	31 March
	2017	2017
	HK\$'000	HK\$'000
	(Unaudited)	(Audited)
Contracts in progress at the end of the reporting period:		
Contract costs incurred plus recognised profits less recognised losses	563,228	396,433
Less: Progress billings	(529,855)	(347,577)
	<u>33,373</u>	<u>48,856</u>
Analysed as:		
Amounts due from customers for contract work	51,477	53,583
Amounts due to customers for contract work	(18,104)	(4,727)
	<u>33,373</u>	<u>48,856</u>

10. TRADE AND BILLS PAYABLES

The credit period on purchases and subcontracting of contract work services ranges from 30 to 60 days generally. The following is an aged analysis of trade payables presented based on the invoice date and bills payables presented based on the date of issuance of the bills at the end of each reporting period:

	As at	
	30 September	31 March
	2017	2017
	HK\$'000	HK\$'000
	(Unaudited)	(Audited)
Trade payables:		
0 - 30 days	18,674	6,875
31 - 60 days	4,403	12,173
Over 60 days	82	—
	<hr/> 23,159 <hr/>	<hr/> 19,048 <hr/>
Bills payables:		
0 - 30 days	236	—
	<hr/> 23,395 <hr/> <hr/>	<hr/> 19,048 <hr/> <hr/>

MANAGEMENT DISCUSSION AND ANALYSIS

The Group is principally engaged in providing E&M engineering services in Hong Kong. We provide services in relation to the supply, installation and maintenance of MVAC system, and also provide services in relation to low voltage electrical system and other E&M system, including fire services system, plumbing and drainage system, in both private and public sectors.

BUSINESS REVIEW

Our revenue increased by approximately HK\$71.4 million, or 64.0%, from approximately HK\$111.5 million for the Last Period to approximately HK\$182.9 million for the Current Period, which was mainly due to the increase in average contract size of projects during the Current Period, comparing to the Last Period. Major projects awarded and major projects undertaken in the Current Period are outlined below.

Projects awarded in the Current Period

During the Current Period, we were awarded 17 projects with an aggregate contract sum of approximately HK\$210.2 million (out of which 1 project with contract sum of approximately HK\$32.8 million was related to electrical system installation). The following table sets forth the particulars of the major projects awarded in the Current Period in terms of contract sum:

Key scope of work	Type (Residential/ Non-residential) ^(Note)	Date of award	Contract sum HK\$'million	Revenue recognised during the Current Period HK\$'million
MVAC system installation for a property development at Tai Wai	Non-residential	12 September 2017	94.0	—
MVAC system installation for a property development at Yuen Long	Residential	20 June 2017	69.9	—
Electrical system installation for a proposed composite building at North Point	Residential	9 May 2017	32.8	0.4
MVAC system installation for a building at Wanchai	Non-residential	28 August 2017	11.6	—

Note: "Residential projects" refer to projects that involve residential flats while "Non-residential projects" refer to projects that do not involve residential flats.

Major projects undertaken in the Current Period

During the Current Period, the Group continued to focus our efforts on the supply, installation and maintenance of MVAC system in both private and public sectors. Revenue contributed by projects relating to MVAC system accounted for approximately 97.8% for the Current Period (2016: 99.3%). The following table sets forth the particulars of the five largest projects undertaken in the Current Period in terms of revenue contribution:

Key scope of work	Type (Residential/ Non-residential)	Date of award	Contract sum HK\$'million	Revenue recognised during the Current Period HK\$'million
MVAC system installation for a remodeling project at Salisbury Road, Tsim Sha Tsui	Non-residential	4 July 2014	166.8	59.6
MVAC system installation for a property development at Tseung Kwan O	Residential	11 March 2016	53.1	39.9
MVAC system installation for a proposed property development at Kai Tak	Residential	2 June 2016	74.0	36.9
MVAC system installation for a proposed commercial development at Wai Yip Street, Kwun Tong	Non-residential	30 March 2015	94.5	17.8
MVAC system installation for a proposed property development at Yuen Long	Residential	10 December 2014	50.5	5.1

Recent Development and Future Prospects

Subsequent to the Current Period and up to the date of this announcement, we were awarded 5 projects with an aggregate contract sum of approximately HK\$63.4 million.

Looking forward to the second half of the financial year ending 31 March 2018, the continuous growth in construction industry in both private and public sector brings business opportunities to our Group. For the purpose of maintaining a stable revenue growth and reinforcing our reputation and qualification in the industry, the Group will continue to submit tender for targeted and profitable projects actively and aim at diversifying our projects in different E&M engineering services. Taking into account of the existing projects in progress and the newly awarded projects, the Group takes a positive attitude towards its overall business in the second half of the financial year.

FINANCIAL REVIEW

Revenue

Our revenue increased by approximately HK\$71.4 million, or 64.0%, from approximately HK\$111.5 million for the Last Period to approximately HK\$182.9 million for the Current Period. Such increment was mainly due to the increase in average contract size of projects during the Current Period, comparing to the Last Period.

Gross profit and gross profit margin

Our gross profit increased by approximately HK\$18.5 million, or 125.9% from approximately HK\$14.7 million for the Last Period to approximately HK\$33.2 million for the Current Period. Our gross profit margin increased by approximately 5.1 percentage points, from approximately 13.1% for the Last Period to approximately 18.2% for the Current Period.

Our gross profit is generally affected by the change in project mix among residential projects (i.e. projects that involve residential flats) and non-residential projects (i.e. projects that do not involve residential flats). Residential projects generally offer a higher gross profit margin than non-residential projects because:

- (i) The equipment and material costs are generally lower for residential projects as: (a) certain residential projects we undertake may allow greater flexibility in the selection of suppliers. In these projects, we would source specifications-matching equipment and materials to be deployed at the most competitive pricing terms; (b) suppliers may offer discount to us if we make purchases of relatively large quantity of equipment; and (c) suppliers may be desirous of providing equipment and materials in certain projects so as to cultivate new business relationship with the property developers by adopting its brand for the targeted and forthcoming projects; and
- (ii) The subcontracting fees are usually lower for residential projects as they generally involve less complicated technicalities.

Residential projects and non-residential projects contributed approximately 27.6% and 72.4% of our revenue respectively for the Last Period, and approximately 51.2% and 48.8% of our revenue respectively for the Current Period. The increase in revenue contribution by residential projects in the Current Period comparing to the Last Period was the major reason for the increase in gross profit margin for the the Current Period.

Other income

Other income for the Current Period increased by approximately HK\$0.2 million, from approximately HK\$0.1 million for the Last Period to approximately HK\$0.3 million for the Current Period. The increase was mainly attributable to the effect of the increase in bank interest income.

Other gains and losses, net

We recorded a decrease in net other gains of approximately HK\$0.2 million for the Current Period mainly because there was no gain on disposal of property and equipment in the Current Period.

Administrative expenses

Our administrative expenses increased by approximately HK\$2.9 million, or approximately 49.2%, from approximately HK\$5.9 million for the Last Period to approximately HK\$8.8 million for the Current Period. The increase was mainly attributable to (i) the increase in staff costs of approximately HK\$1.6 million due to the increase in administrative headcount and salary; and (ii) increase in professional fees of approximately HK\$1.1 million due to the successful listing of the Group.

Finance costs

Our finance costs solely represented bank interest expenses. The amount remained relatively stable, with an amount of approximately HK\$0.2 million for both periods.

Listing expenses

Listing expenses of approximately HK\$9.8 million was incurred in the Last Period. There was no listing expense incurred in the Current Period as the shares of the Company were successful listed on the Main Board of The Stock Exchange of Hong Kong Limited in January 2017 (the “Listing”).

Income tax expenses

Our income tax expenses increased by approximately HK\$2.8 million, from approximately HK\$1.5 million for the Last Period to approximately HK\$4.3 million for the Current Period due to the combined effect of the above factors. The effective tax rate for the Current Period was approximately 17.5%. For the Last Period, excluding the above-mentioned one-off and non-deductible listing expenses of approximately HK\$9.8 million from the loss before taxation, the effective tax rate would have been approximately 16.8%.

Profit attributable to owners of the Company

Based on the above factors, profit attributable to owners of the Company was approximately HK\$20.2 million for the Current Period, comparing to a loss attributable to owners of the Company of approximately HK\$2.5 million for the Last Period.

Excluding the one-off listing expenses of approximately HK\$9.8 million being charged to the condensed consolidated statement of profit or loss and other comprehensive income during the Last Period, profit attributable to owners of the Company would have been approximately HK\$7.3 million for the Last Period, and the increment in the Current Period would have been approximately 176.7%.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

Capital Structure

As at 30 September 2017, the capital structure of the Group consisted of equity of approximately HK\$212.7 million (31 March 2017: HK\$192.5 million) and bank borrowings of approximately HK\$13.5 million (31 March 2017: HK\$15.0 million). For details, please refer to the paragraph headed “Bank borrowings” below.

Cash position and fund available

During the Current Period, the Group maintained a healthy liquidity position, with working capital being financed by our operating cash flows, bank borrowings and proceeds from the Listing.

As at 30 September 2017, our cash and cash equivalents were approximately HK\$123.9 million (31 March 2017: HK\$100.3 million). The Group also had bank deposits of approximately HK\$31.1 million (31 March 2017: HK\$31.2 million) pledged with banks to secure the bank borrowings and banking facilities including performance guarantees issued by the banks.

As at 30 September 2017, the current ratio of the Group was approximately 2.6 times (31 March 2017: 2.9 times).

Bank borrowings

As at 30 September 2017, the Group had total bank borrowings of approximately HK\$13.5 million (31 March 2017: HK\$15.0 million). As at 31 March 2017, the Group had a facility agreement entered into with a bank with a facility limit of approximately HK\$59.4 million. The Group had made undertakings relating to certain performance obligation of the controlling shareholders, namely Mr. Yu and Mr. Lau, pursuant to the facility agreement including the following: (i) Mr. Yu and Mr. Lau undertake to maintain majority shareholding of the Company; and (ii) Mr. Yu shall remain the chairman of the Company or we shall notify the bank 14 days in advance in case he ceases to be the chairman.

As at 30 September 2017, other than disclosed above, the Group had made undertakings relating to certain performance obligation of the controlling shareholders pursuant to another facility agreement newly entered with a bank with a facility limit of HK\$30.0 million during the six months ended 30 September 2017 including the following: (i) Mr. Yu and Mr. Lau undertake to maintain as the largest shareholders of the Company directly or indirectly; and (ii) Mr. Yu and Mr. Lau shall remain as the chairman or director of the Company.

GEARING RATIO

As at 30 September 2017, the Group's gearing ratio was approximately 6.4% (31 March 2017: 7.8%), calculated as the bank borrowings divided by the total equity as at the end of the respective periods and multiplied by 100%.

NET CURRENT ASSETS

As at 30 September 2017, the Group had net current assets of approximately HK\$157.3 million (31 March 2017: HK\$136.8 million). The increase in net current assets position was mainly attributable to the net profit generated from the Group's operations during the Current Period.

The Group's policy is to regularly monitor its liquidity requirements and its compliance with covenants in relation to banking facility agreements, to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from the banks to meet its liquidity requirements. The Board is not aware of any liquidity issue that may cast significant doubt on the Group's ability to continue as a going concern.

CAPITAL EXPENDITURES

The Group's capital expenditures for the Current Period amounted to approximately HK\$0.4 million (2016: HK\$0.7 million), which was incurred for the purchase of property and equipment.

FOREIGN EXCHANGE EXPOSURE

The Group's revenue-generating activities and bank borrowings were transacted in Hong Kong Dollar, which is the functional and presentation currency of the Group. The Board considers that the Group was not exposed to significant foreign exchange risk, and had not employed any financial instrument for hedging. The Board will review the Group's foreign exchange risk and exposure from time to time and will apply hedging where necessary.

USE OF NET PROCEEDS FROM LISTING

Based on the Offer Price of HK\$1.20 per share, the net proceeds of the 80,000,000 issued shares received by the Company was approximately HK\$69.0 million, after deducting the listing expenses borne by the Company. The proposed application of net proceeds as stated in the Prospectus has been adjusted according to the principles and proposed percentage of utilisation as specified in the section headed "Future Plans and Use of Proceeds" in the Prospectus.

Up to 30 September 2017, the net proceeds were used as follows:

	Net proceeds from Global Offering	Utilisation up to 30 September 2017	Unutilised amount
	HK\$'million	HK\$'million	HK\$'million
Development and expansion of E&M engineering services business	30.4	1.8	28.6
Provision of performance guarantees for projects on hand	29.7	29.7	—
Installation of Enterprise Resource Planning system	2.0	—	2.0
General working capital	6.9	6.9	—
	<u>69.0</u>	<u>38.4</u>	<u>30.6</u>

The Group held the unutilised net proceeds mainly in short-term deposits with licensed banks in Hong Kong.

CONTINGENT LIABILITIES

Save as disclosed below, the Group had no other contingent liabilities as at 30 September 2017:

As at 30 September 2017, performance guarantees of approximately HK\$33.2 million (31 March 2017: HK\$28.6 million) were given by banks in favour of the Group's customers as security for the due performance and observance of the Group's obligations under the contracts entered into between the Group and its customers. If the Group fails to provide satisfactory performance to its customers to whom performance guarantees have been given, such customers may demand the banks to pay to them the sum or sum stipulated in such demand. The Group will become liable to compensate such banks accordingly. The performance guarantees will be released upon completion of the contracts work.

PLEDGE OF ASSETS

As at 30 September 2017, the Group's bank deposits amounted to approximately HK\$31.1 million (31 March 2017: HK\$31.2 million) and leasehold land and buildings amounted to approximately HK\$21.0 million (31 March 2017: HK\$21.3 million) were pledged with banks to secure the bank borrowings and banking facilities including performance guarantees issued by the banks.

CAPITAL COMMITMENTS

As at 30 September 2017, the Group did not have any capital commitments contracted but not provided for.

EMPLOYEES, TRAINING AND REMUNERATION POLICY

As at 30 September 2017, the Group had a total of 86 employees (31 March 2017: 82). The remuneration offered to employees generally includes salaries, medical benefits and bonus. In general, the Group determines salaries of its employees based on each employee's qualification, position and seniority. The Group provides training to its employees according to the work requirements.

MATERIAL ACQUISITIONS AND DISPOSALS

The Group did not have any material acquisitions and disposals of subsidiaries, associates and joint ventures during the Current Period.

SIGNIFICANT INVESTMENTS HELD

The Group did not have any significant investments held as at 30 September 2017.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

The Group did not have other plans for material investments or capital assets as at 30 September 2017.

CORPORATE GOVERNANCE AND OTHER INFORMATION

Compliance with Corporate Governance Code

The Company has adopted the code provisions set out in the Corporate Governance Code (the "CG Code") as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") as its own code of corporate governance. The Board is of the opinion that the Company has complied with all the code provisions set out in the CG Code during the Current Period.

Directors' Securities Transactions

The Company has adopted the code of conduct regarding directors' securities transactions as set out in the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") as set out in Appendix 10 to the Listing Rules. Having made specific enquiry of all Directors, the Company confirmed that all Directors have complied with the required standard set out in the Model Code throughout the Current Period.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the Current Period.

EVENTS AFTER THE REPORTING PERIOD

The Board is not aware of any significant event requiring disclosure that has taken place subsequent to 30 September 2017 and up to the date of this announcement.

REVIEW OF INTERIM RESULTS BY AUDIT COMMITTEE

The Audit Committee had reviewed the Group's unaudited condensed consolidated interim financial statements for the six months ended 30 September 2017, including the accounting principles and practices adopted by the Group.

REVIEW OF INTERIM RESULTS BY AUDITOR

The unaudited condensed consolidated results of the Group for the six months ended 30 September 2017 have been reviewed in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants, by Deloitte Touche Tohmatsu, certified public accountants in Hong Kong.

INTERIM DIVIDEND

The Board did not declare any interim dividend for the Current Period (2016: Nil).

INTERIM REPORT

The 2017/2018 Interim Report will be published on the Company's website at <http://www.shunhingeng.com> and the Stock Exchange's website at www.hkexnews.hk.

By order of the Board
SH Group (Holdings) Limited
Yu Cheung Choy
Chairman

Hong Kong, 29 November 2017

As at the date of this announcement, the Board comprises Mr. Yu Cheung Choy and Mr. Lau Man Ching as the executive Directors; Mr. Yu Ho Chi as the non-executive Director; and Mr. Lam Yim Nam, Mr. Lee Wing Kee and Mr. To Yan Ming, Edmond as the independent non-executive Directors.