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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)

SUPPLEMENTAL ANNOUNCEMENT TO ANNUAL REPORT FOR THE YEAR ENDED 31 MARCH 2018 AND THE INTERIM REPORT FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2018

Reference is made to the prospectus of SH Group (Holdings) Limited (the “**Company**”) dated 19 December 2016 (the “**Prospectus**”), annual report of the Company for the year ended 31 March 2018 published by the Company on 24 July 2018 (the “**2017-18 Annual Report**”) and the interim report of the Company for the six months ended 30 September 2018 published by the Company on 19 December 2018 (“**2018-19 Interim Report**”). Capitalised terms used herein shall have the same meanings as those defined in the Prospectus.

In addition to the information disclosed in the section “Management Discussion and Analysis” in the 2017-18 Annual Report and the 2018-19 Interim Report, the Board would like to provide additional information pursuant to paragraphs 11(8), 11A and 41A of Appendix 16 to the Listing Rules in relation to the use of net proceeds of approximately HK\$69.0 million raised from the Global Offering (the “**Listing Proceeds**”) as follows:—

Intended use	Net proceeds from Global Offering <i>(Note)</i> <i>HK\$' million</i>	Utilisation up to 31 March 2018 <i>HK\$' million</i>	Utilisation up to 30 September 2018 <i>HK\$' million</i>	Unutilised amount as at 30 September 2018 <i>HK\$' million</i>
Development and expansion of E&M engineering services business	30.4	7.2	15.5	14.9
Provision of performance guarantees for projects on hand	29.7	29.7	29.7	-
Installation of Enterprise Resource Planning system	2.0	0.3	0.5	1.5
General working capital	6.9	6.9	6.9	-
	<u>69.0</u>	<u>44.1</u>	<u>52.6</u>	<u>16.4</u>

Note: The application of the Listing Proceeds is based on the proposed percentage of utilisation as specified in the section headed “Future Plans and Use of Proceeds” in the Prospectus.

Development and Expansion of E&M Engineering Services Business

The Company had planned to use approximately HK\$30.4 million of the Listing Proceeds for the development and expansion of E&M engineering services business in the public sector and increase its competitiveness in the private sector.

As stated in the Prospectus, such development and expansion works involved the purchase of plant and equipment, employment of engineering and technical staff and obtaining relevant ISO qualifications and the works up to 30 September 2018 had already been completed as scheduled. According to the Company’s implementation plan set out in the Prospectus, additional technical staff will be recruited by the first half of the financial year ending 31 March 2020 and net proceeds will be utilised for the payment of staff costs of all additional technical staff.

Accordingly, the remaining net proceeds of approximately HK\$14.9 million as at 30 September 2018 allocated for the development and expansion of E&M engineering services business are intended to be fully utilised for the same specific use by 30 September 2019.

Installation of Enterprise Resource Planning System

The Company had planned to use approximately HK\$2.0 million of the Listing Proceeds for the installation of enterprise resource planning system (the “**ERP System**”) to increase its operational efficiency. As the Company requires more time than expected to source the required system from potential suppliers that suit the Company’s needs and expects to take a period of time to implement the system, the completion of installation of the ERP system is expected to be delayed till the end of March 2020.

Accordingly, the remaining net proceeds of approximately HK\$1.5 million as at 30 September 2018 allocated for the installation of ERP system are intended to be fully utilised for the same specific use by 31 March 2020.

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

The above addition information does not affect other information contained in the 2017-18 Annual Report and the 2018-19 Interim Report and save as disclosed above, all other information in the 2017-18 Annual Report and the 2018-19 Interim Report remains unchanged.

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

Hong Kong, 17 June 2019

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