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Sang Hing Holdings (International) Limited

生興控股（國際）有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1472)

**ANNOUNCEMENT OF INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2021**

FINANCIAL HIGHLIGHTS

	Six months ended 30 September		
	2021	2020	Decrease
	<i>HK\$'000</i>	<i>HK\$'000</i>	%
	(Unaudited)	(Unaudited)	
Revenue	157,877	236,394	33.2
EBITDA	15,334	28,113	45.5
Profit before tax	9,823	23,732	58.6
Profit for the period attributable to owners of the Company	8,467	19,668	57.0
Earnings per share attributable to owners of the Company			
Basic and diluted (<i>HK cents</i>)	0.85	1.97	56.9

EBITDA is defined as profit before finance costs, taxation and depreciation.

RESULTS

The board (the “**Board**”) of directors (the “**Directors**”) of Sang Hing Holdings (International) Limited (the “**Company**”) is pleased to announce the unaudited interim results of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the six months ended 30 September 2021, together with the comparative figures for the six months ended 30 September 2020 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 September 2021

		Six months ended	
		30 September	
		2021	2020
	Notes	HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)
Revenue	3	157,877	236,394
Cost of services		<u>(138,556)</u>	<u>(211,858)</u>
Gross profit		19,321	24,536
Other income and net gain	5	1,601	10,631
Administrative and operating expenses		<u>(11,073)</u>	<u>(11,403)</u>
Profit from operations		9,849	23,764
Finance costs	6	<u>(26)</u>	<u>(32)</u>
Profit before tax	7	9,823	23,732
Income tax	8	<u>(1,356)</u>	<u>(4,064)</u>
Profit and total comprehensive income for the period		<u>8,467</u>	<u>19,668</u>
Profit and total comprehensive income for the period attributable to owners of the Company		<u><u>8,467</u></u>	<u><u>19,668</u></u>
Earnings per share attributable to owners of the Company			
Basic and diluted (<i>HK cents</i>)	9	<u><u>0.85</u></u>	<u><u>1.97</u></u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2021

		As at 30 September 2021 <i>HK\$'000</i> (Unaudited)	As at 31 March 2021 <i>HK\$'000</i> (Audited)
	<i>Notes</i>		
Non-current assets			
Property, plant and equipment	<i>11</i>	34,475	37,322
Right-of-use assets		479	569
Contract assets	<i>13</i>	1,828	1,329
Deposit paid		<u>24,178</u>	<u>24,178</u>
		<u>60,960</u>	<u>63,398</u>
Current assets			
Trade receivables	<i>12</i>	31,705	11,802
Contract assets	<i>13</i>	83,352	61,639
Prepayments, deposits and other receivables		142,306	132,898
Financial assets at fair value through profit or loss		8,562	11,473
Tax recoverable		–	877
Pledged bank deposits		6,637	6,637
Cash and cash equivalents		<u>53,730</u>	<u>74,907</u>
		<u>326,292</u>	<u>300,233</u>
Current liabilities			
Trade and retention payables	<i>14</i>	45,114	34,434
Other payables and accruals		7,012	7,547
Tax payable		1,080	–
Contract liabilities		12,036	7,269
Lease liabilities		<u>387</u>	<u>496</u>
		<u>65,629</u>	<u>49,746</u>

	As at 30 September 2021 <i>Notes</i> HK\$'000 (Unaudited)	As at 31 March 2021 <i>HK\$'000</i> (Audited)
Net current assets	<u>260,663</u>	<u>250,487</u>
Total assets less current liabilities	<u>321,623</u>	<u>313,885</u>
Non-current liabilities		
Deferred tax liabilities	7,245	7,988
Lease liabilities	<u>105</u>	<u>91</u>
	<u>7,350</u>	<u>8,079</u>
Net assets	<u>314,273</u>	<u>305,806</u>
Capital and reserves		
Share capital	10,000	10,000
Reserves	<u>304,273</u>	<u>295,806</u>
Total equity attributable to owners of the Company	<u>314,273</u>	<u>305,806</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2021

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands under the Companies Act as an exempted company with limited liability on 25 June 2018 and its shares have been listed (the “**Listing**”) on Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 17 March 2020 by way of share offer at a price of HK\$0.5 each upon Listing (the “**Share Offer**”). The addresses of the registered office and principal place of business of the Company are Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman KY1-1111, Cayman Islands and Room 215A-B, 2/F, Central Services Building, Nan Fung Industrial City, No. 18 Tin Hau Road, Tuen Mun, New Territories, Hong Kong, respectively.

The Company’s immediate and ultimate holding company is Worldwide Intelligence Group Limited (“**Worldwide Intelligence**”), a company incorporated in the British Virgin Islands. Worldwide Intelligence is controlled by Mr. Lai Wai who is the chairman and executive director of the Company. Worldwide Intelligence and Mr. Lai Wai are referred to as the controlling shareholders of the Company.

The principal activity of the Company is investment holding. The principal activities of its subsidiaries are provision of civil engineering works service and related services.

The condensed consolidated financial statements are presented in Hong Kong dollars (“**HK\$**”), which is also the functional currency of the Company. All values are rounded to the nearest thousand (HK\$’000) except otherwise indicated.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard (“**HKAS**”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) as well as with the applicable disclosures requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange.

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments which are measured at fair values at the end of each reporting period.

Other than changes in accounting policies resulting from application of amendments to Hong Kong Financial Reporting Standards (“**HKFRSs**”), the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 September 2021 are the same as those followed in the preparation of the consolidated financial statements for the year ended 31 March 2021.

Application of new and amendments to HKFRSs

In the current interim period, the Group has applied the following amendments to HKFRSs issued by the HKICPA for the first time, which are mandatorily effective for the annual period beginning on or after 1 April 2021 for the preparation of the Group's condensed consolidated financial statements:

Amendments to HKFRS 16	Covid-19-Related Rent Concessions
Amendments to HKFRS 16	Covid-19-Related Rent Concessions beyond 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 interim period has had no material effect on the Group's financial performance and positions for the current and prior periods and/or on the disclosures set out in the condensed consolidated financial statements.

3. REVENUE

The Group's revenue represents the amount received and receivable for revenue arising on civil engineering works services and related services which is recognised over time.

	Six months ended	
	30 September	
	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Revenue from civil engineering works	<u>157,877</u>	<u>236,394</u>

4. SEGMENT INFORMATION

(i) Operating segment information

The Group's most senior executive management has been identified as the executive directors who review the Group's internal reporting in order to assess performance and allocate resources. The Group's most senior executive management has determined the operating segments based on these reports.

The Group's most senior executive management assesses the performance based on a measure of profit after income tax and considers all businesses to be included in a single operating segment.

The Group is principally engaged in the business of civil engineering works service and construction related services in Hong Kong. Information reported to the Group's most senior executive management for the purpose of resources allocation and performance assessment, focuses on the operating result of the Group as a whole as the Group's resources are integrated and no discrete operating segment financial information is available. Accordingly, no operating and geographical segment information is presented.

(ii) Information about major customers

Revenue from customers during the six months ended 30 September 2021 and 2020 contributing individually over 10% of the Group's revenue is as follows:

	Six months ended	
	30 September	
	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Customer A	<u>143,251</u>	<u>230,186</u>

5. OTHER INCOME AND NET GAIN

	Six months ended	
	30 September	
	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Bank interest income	30	362
Government and other subsidies	363	5,577
Income from supplying construction materials, labour and others	–	410
Management fee income	128	156
Net gain on disposal of financial assets at fair value through profit or loss	709	4,089
(Loss)/gain on disposal of property, plant and equipment	(5)	20
Dividend income from listed equity securities	340	–
Sundry income	36	17
	<u>1,601</u>	<u>10,631</u>

6. FINANCE COSTS

	Six months ended	
	30 September	
	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Interest on bank overdrafts	7	2
Interest on lease liabilities	19	30
	<u>26</u>	<u>32</u>

7. PROFIT BEFORE TAX

Profit before tax has been arrived at after charging:

	Six months ended	
	30 September	
	2021	2020
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Auditor's remuneration	850	600
Depreciation		
– Depreciation of property, plant and equipment	5,054	4,008
– Depreciation of right-of-use assets	431	341
<i>Less: amounts included in cost of services</i>	<u>(4,407)</u>	<u>(3,104)</u>
	<u>1,078</u>	<u>1,245</u>
Staff costs (excluding directors' remuneration)		
– Wages, salaries, allowance and bonus	33,625	39,779
– Retirement benefits schemes contributions	1,202	1,443
	<u>34,827</u>	<u>41,222</u>
<i>Less: amounts included in cost of services</i>	<u>(30,621)</u>	<u>(36,540)</u>
	<u>4,206</u>	<u>4,682</u>
Allowance for expected credit losses on other receivables	144	204
Short-term lease expenses	255	215
Unrealised loss on financial assets at fair value through profit or loss	<u>872</u>	<u>–</u>

8. INCOME TAX

No provision for taxation has been recognised for companies incorporated in the Cayman Islands and the British Virgin Islands as they are not subject to any tax during the period.

Hong Kong profits tax has been provided at the rate of 16.5% (six months ended 30 September 2020: 16.5%) of the estimated assessable profits arising in Hong Kong during the period.

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the “**Bill**”) which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day. Under the two-tiered profits tax rates regime, the first HK\$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

Accordingly, the Hong Kong profits tax is calculated at 8.25% on the first HK\$2 million of the estimated assessable profits and at 16.5% on the estimated assessable profits above HK\$2 million.

	Six months ended	
	30 September	
	2021	2020
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Provision for Hong Kong profits tax:		
– Current tax	2,099	4,053
Deferred tax	(743)	11
	<hr/>	<hr/>
Total tax charge for the period	1,356	4,064
	<hr/> <hr/>	<hr/> <hr/>

9. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit for the period of approximately HK\$8,467,000 (six months ended 30 September 2020: approximately HK\$19,668,000) and the weighted average number of ordinary shares of the Company in issue during the periods is calculated as follows:

	Six months ended	
	30 September	
	2021	2020
	(Unaudited)	(Unaudited)
Weight average number of ordinary shares for the purpose of calculating basic earnings per share	<u><u>1,000,000,000</u></u>	<u><u>1,000,000,000</u></u>

No dilutive earnings per share is presented as there was no potential dilutive ordinary shares in issue during both periods.

10. DIVIDENDS

The Board did not declare the payment of an interim dividend for the six months ended 30 September 2021 (six months ended 30 September 2020: Nil).

During the six months ended 30 September 2020, a final dividend of HK\$0.01 per ordinary share, in respect of the year ended 31 March 2020 has been declared and paid out of share premium account of the Company.

11. PROPERTY, PLANT AND EQUIPMENT

During the current interim period, the Group acquired property, plant and equipment at a total cost of approximately HK\$2,214,000 (six months ended 30 September 2020: approximately HK\$16,857,000).

12. TRADE RECEIVABLES

	As at 30 September 2021 <i>HK\$'000</i> (Unaudited)	As at 31 March 2021 <i>HK\$'000</i> (Audited)
Trade receivables	<u><u>31,705</u></u>	<u><u>11,802</u></u>

The average credit period on construction works is 30 days.

An aging analysis of trade receivables as at the end of the reporting period, based on the invoice date, is as follows:

	As at 30 September 2021 <i>HK\$'000</i> (Unaudited)	As at 31 March 2021 <i>HK\$'000</i> (Audited)
0-30 days	<u><u>31,705</u></u>	<u><u>11,802</u></u>

Receivables that were neither past due nor impaired relate to customers for whom there was no recent history of default.

13. CONTRACT ASSETS

	As at 30 September 2021 <i>HK\$'000</i> (Unaudited)	As at 31 March 2021 <i>HK\$'000</i> (Audited)
Unbilled receivables (<i>note (i)</i>)	74,598	49,575
Retention receivables (<i>note (ii)</i>)	10,582	13,393
	85,180	62,968
<i>Less: Non-current portion of retention receivables</i>	(1,828)	(1,329)
	83,352	61,639

notes:

- (i) Unbilled receivables included in contract assets represents the Group's right to receive consideration for work completed and not yet billed because the rights are conditional upon the satisfaction by the customers on the construction work completed by the Group and the work is pending for the certification by the customers. The contract assets are transferred to the trade receivables when the rights become unconditional, which is typically at the time the Group obtains the certification of the completed construction work from the customers.
- (ii) Retention receivables included in contract assets represents the Group's right to consideration for work performed and not yet billed because the rights are conditional on the satisfaction of the service quality by the customers over the maintenance period as stipulated in the contracts. The contract assets are transferred to the trade receivables when the rights become unconditional, which is typically after the expiry date of the maintenance period.

14. TRADE AND RETENTION PAYABLES

	As at 30 September 2021 <i>HK\$'000</i> (Unaudited)	As at 31 March 2021 <i>HK\$'000</i> (Audited)
Trade payables	36,496	27,060
Retention payables	<u>8,618</u>	<u>7,374</u>
	<u>45,114</u>	<u>34,434</u>

The credit period on trade payables is up to 60 days. Aging analysis of trade payables at the end of each reporting period, based on invoice dates, is as follows:

	As at 30 September 2021 <i>HK\$'000</i> (Unaudited)	As at 31 March 2021 <i>HK\$'000</i> (Audited)
0-30 days	6,188	10,530
31-60 days	8,387	3,431
61-90 days	2,131	2,150
Over 90 days	<u>19,790</u>	<u>10,949</u>
	<u>36,496</u>	<u>27,060</u>

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND FINANCIAL RESULTS

The Group is an established main contractor with over 20 years of experience specialising in a variety of civil engineering works, including site formation, road and bridge construction, drainage and sewerage construction, watermain installation and slope works in Hong Kong. We are a Group C contractor under the “Site Formation” and “Roads and Drainage” categories with confirmed status and are qualified to tender for public works contracts of any values exceeding HK\$400 million.

For the six months ended 30 September 2021, the Group’s revenue was approximately HK\$157.9 million (2020: approximately HK\$236.4 million), a decrease of 33.2% as compared with the same corresponding period in 2020. The profit attributable to owners of the Company for the six months ended 30 September 2021 was approximately HK\$8.5 million while the profit for the six months ended 30 September 2020 was approximately HK\$19.7 million, representing a decrease of 57.0%, which was mainly due to decrease in revenue from civil engineering works of Projects W52 and W56 and decrease in income from government and other subsidies and net gain on disposal of financial assets at fair value through profit or loss during the period.

Analysis of revenue of each project during the six months ended 30 September 2021 was as follows:

Project Code	Type of works	Location	2021 HK\$'000	2020 HK\$'000
On-going projects				
W55	Development of columbarium and infrastructural works	North District	52,386	56,295
W56	Land decontamination and advance engineering works	North District	35,785	100,177
W57	Development of Long Valley Nature Park	North District	26,260	33,219
W58	Construction of sewers and sewerage system	Northern Tuen Mun	14,626	–
W59	Site formation and infrastructure works for public housing development	Kam Tin South, Yuen Long	13,506	–
Projects completed or substantially completed				
W46	Construction of sewage pumping station and associated sewage works	Tuen Mun District	–	855
W49	Construction of sewers and sewerage system	Tuen Mun District	–	6,208
W52	Remaining works of cycle tracks	North District and Tuen Mun District	15,314	39,398
W54	Temporary construction waste sorting facilities	Sai Kung District and Tuen Mun District	–	242
Total revenue			<u>157,877</u>	<u>236,394</u>

During the six months ended 30 September 2021, we recognised revenue from 6 projects in total, of which one project was completed. The revenue for the six months ended 30 September 2021 was decreased as compared with the same corresponding period in last year due to decrease in revenue from Projects W52 and W56 in which work progress of Project W52 was substantially completed during the period.

The gross profit margin for the six months ended 30 September 2021 was 12.2% (2020: 10.3%). Increase in gross profit margin as compared with the same corresponding period in last year was due to higher profit margin works and orders performed by Projects W57, W58 and W59.

Other income and net gain for the six months ended 30 September 2021 was amounting to approximately HK\$1.6 million (2020: approximately HK\$10.6 million), representing a decrease of 84.9% as compared with the same corresponding period in last year, which was due to decrease in government and other subsidies amounting to approximately HK\$5.2 million and net gain on disposals of financial assets at fair value through profit or loss amounting to approximately HK\$3.4 million. During the both period, government and other subsidies were mainly received from Employment Support Scheme and net gain on disposals of financial assets at fair value through profit or loss was derived from trading of equity securities listed in Hong Kong. As at 30 September 2021, the Group holds financial assets at fair value through profit or loss amounting to approximately HK\$8.6 million (31 March 2021: approximately HK\$11.5 million).

Administrative and operating expenses for the six months ended 30 September 2021 were amounting to approximately HK\$11.1 million (2020: approximately HK\$11.4 million), representing a slightly decrease of 2.9% as compared with the same corresponding period in last year, which was mainly due to decrease in staff costs. During the interim period of 2020, staff costs included payment of one-off bonuses to our staff but not included in the same corresponding period of 2021.

As at 30 September 2021, prepayments, deposits and other receivables mainly represented amounts paid for insurance and subcontracting fee prepayments, deposits for material purchases, deposits for rental and utilities, deposits for acquisition of plant and machinery and other receivables. During the period, prepayments, deposits and other receivables increased by approximately HK\$9.4 million which was mainly due to increase in amount due from other joint operator of a joint operation.

OUTLOOK

Looking forward the second half of year 2021/2022, the Group will continue to take part in tenders for projects from various government departments more rigorously and actively. Due to the fierce competition in the market and the increased technical requirements by the clients for bidding projects, it has become difficult and progressively more difficult to successfully win bids for projects. We will enhance the Group's bidding advantages and capabilities and strive for more successful bids for projects.

The Group will capitalize its competitive advantages after listing to secure more projects, and to actively participate in bidding for works of the Hong Kong Government to achieve increase revenue. In additions, the Group will also explore various chances in construction industry to create greater value for shareholders.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

The uses of cash of the Group are mainly for the financing of the operations and working capital requirements. The Group generally finances its operations with internally generated cash flows and banking facilities provided by its principal bankers. As at 30 September 2021, the Group had cash and cash equivalents of approximately HK\$53.7 million (31 March 2021: approximately HK\$74.9 million) and pledged bank deposits of approximately HK\$6.6 million (31 March 2021: approximately HK\$6.6 million). The decrease of approximately HK\$21.2 million in cash and cash equivalents was mainly attributable to an increase in trade receivables and contract assets. All of the bank balances were placed with banks in Hong Kong and are denominated in Hong Kong dollars. As at 30 September 2021, the Group had not experienced any liquidity problems in settling its payables in the normal course of business.

There has been no change in the capital structure of the Company during the six months ended 30 September 2021. The capital of the Company only comprises of ordinary shares. As at 30 September 2021, there was a total of 1,000,000,000 shares (31 March 2021: 1,000,000,000 shares) in issue.

GEARING RATIO

As at 30 September 2021, the Group's gearing ratio was approximately 0.2% (31 March 2021: approximately 0.2%). The gearing ratio is calculated by dividing lease liabilities by total equity and expressed as a percentage. With available bank balances and cash, the Directors are of the view that the Group has sufficient liquidity to satisfy the funding requirements.

TREASURY POLICY

The Directors will continue to follow a prudent policy in managing the Group's cash balances and maintain a strong and healthy liquidity to ensure that the Group is well placed to take advantage of future growth opportunities.

FOREIGN EXCHANGE EXPOSURE

All of the revenue-generating operations of the Group were denominated in Hong Kong dollars. There was no exposure to foreign exchange rate fluctuations. As such, no hedging or other arrangements was made by the Group during the six months ended 30 September 2021 and 2020.

SIGNIFICANT INVESTMENTS, AND FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

As at 30 September 2021, the Group did not have any significant investments. Save as those disclosed in the prospectus of the Company dated 28 February 2020 (the "Prospectus"), the Group did not have other future plans for material investments or additions of capital assets.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

During the six months ended 30 September 2021, the Group did not have any material acquisitions or disposals of subsidiaries, associates and joint ventures.

PLEDGE OF ASSETS

As at 30 September 2021, the banking facilities of the Group were secured by its bank deposits of approximately HK\$6.6 million (31 March 2021: approximately HK\$6.6 million) and corporate guarantees executed by the Company.

CONTINGENT LIABILITIES

As at 30 September 2021, the Group did not have any material contingent liabilities.

EMPLOYEE AND REMUNERATION POLICY

As at 30 September 2021, the Group had a total of 225 employees (31 March 2021: 230) who were directly employed by the Group in Hong Kong. The staff costs, including Directors' emoluments, of the Group amounted to approximately HK\$35.5 million for the six months ended 30 September 2021 (2020: approximately HK\$43.2 million).

The remuneration package the Group offered to the employees includes salary, bonuses and other cash subsidies. In general, the Group determines employee salaries based on each employee's qualifications, position and seniority. Share options are also available to the Group's employees. The Group provides various types of trainings to the employees and sponsor the employees to attend various training courses, including those on occupational health and safety in relation to the works. Such training courses include the internal training as well as courses organised by external parties such as the Construction Industry Council and the Occupational Safety and Health Council. The safety officers also provide training to the workers before commencement of works.

USE OF PROCEEDS FROM THE SHARE OFFER

The net proceeds from the Share Offer were approximately HK\$79.8 million after deducting the listing expenses of approximately HK\$45.2 million. As at 30 September 2021, the Group has utilised approximately HK\$68.6 million of the net proceeds. The unutilised portion of the net proceeds is placed in licensed banks in Hong Kong and will be utilised as stated in the Prospectus.

As at 30 September 2021, the net proceeds had been utilised as follows:

Intended use of net proceeds as stated in the Prospectus	Net proceeds available <i>HK\$ million</i>	Utilised amount as at 30 September 2021 <i>HK\$ million</i>	Unutilised amount as at 30 September 2021 <i>HK\$ million</i>
Acquisition of additional plant and machinery	58.3	49.0	9.3
Recruitment and retiring additional staff	3.4	1.5	1.9
Costs for upgrading information technology system	2.9	2.9	–
Additional working capital	15.2	15.2	–
Total	79.8	68.6	11.2

As disclosed above, the actual application of the net proceeds was slower than expected and such delay was mainly due to (i) the impact of the COVID-19 pandemic, which has caused delays in certain of our ongoing projects; (ii) delay of the projects due to inclement weather; (iii) delay in projects due to clients design changes and/or order in variations; and (iv) the difficulty in recruiting suitable candidates. The balance of the unutilised proceeds is expected to be utilised in the coming financial year.

CORPORATE GOVERNANCE AND OTHER INFORMATION

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Company has complied with all the code provisions as set out in the Corporate Governance Code (the “**CG Code**”) contained in Appendix 14 to the Rules Governing the Listing of Securities (the “**Listing Rules**”) on the Stock Exchange throughout the six months ended 30 September 2021, except for the following deviation:

Under code provision C.1.2 of the CG Code, the management should provide all members of the Board with monthly updates giving balanced and understandable assessment of the Company’s performance, position and prospects in sufficient details. During the six months ended 30 September 2021, the management of the Company provided to the Board interim updates with consolidated financial statement of the Company’s performance, position and prospects in sufficient details during regular Board meetings of the Company. In addition, the management has provided all members of the Board updates on any material changes to the performance, position and prospects of the Company and sufficient information for matters brought before the Board.

COMPLIANCE WITH THE MODEL CODE FOR DIRECTORS’ SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding securities transactions by the Directors and the Company’s senior management who, because of his/her office or employment, is likely to possess inside information in relation to the Company’s securities.

The Company has made specific enquiries to all the Directors and all the Directors have confirmed their compliance with the Model Code during the six months ended 30 September 2021. In addition, the Company is not aware of any non-compliance of the Model Code by the senior management of the Company during the six months ended 30 September 2021.

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

During the six months ended 30 September 2021, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

INTERIM DIVIDEND

The Board did not declare the payment of an interim dividend for the six months ended 30 September 2021 (2020: Nil).

AUDIT COMMITTEE

The Audit Committee consists of five members, namely, Mr. Cheung Wai Kwok Gary, Prof. Leung Yee Tak, Mr. Zhang Senquan, Mr. Ho Tai Tung and Ms. Tsang Wing Kiu, all being independent non-executive Directors. Mr. Zhang Senquan is the chairman of the Audit Committee.

The Audit Committee has reviewed with the management the Group's unaudited condensed consolidated financial statements for the six months ended 30 September 2021. The Audit Committee is of the view that the applicable accounting standards and requirements have been complied with by the Company and that appropriate disclosure have been made.

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

This interim results announcement is published on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and on the Company's website (<http://www.sang-hing.com.hk>). The interim report of the Company for the six months ended 30 September 2021 will be despatched to the shareholders of the Company and will be available on the above websites in due course.

By order of the Board
Sang Hing Holdings (International) Limited
Lai Wai
Chairman and Executive Director

Hong Kong, 26 November 2021

As at the date of this announcement, the executive Directors of the Company are Mr. Lai Wai, Mr. Lai Ying Wah, Mr. Lai Ying Keung; the non-executive Director of the Company is Mr. Fung Chi Kin; and the independent non-executive Directors of the Company are Mr. Cheung Wai Kwok Gary, Prof. Leung Yee Tak, Mr. Zhang Senquan, Mr. Ho Tai Tung and Ms. Tsang Wing Kiu.