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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 ANNUAL RESULTS
FOR THE YEAR ENDED 31 MARCH 2022**

	2022	2021	Increase/ (decrease)
	<i>HK\$'000</i>	<i>HK\$'000</i>	%
Revenue	426,960	390,229	9.4
EBITDA	23,704	43,748	(45.8)
Profit before tax	13,224	33,735	(60.8)
Profit for the year attributable to owners of the Company	11,975	26,424	(54.7)
Earnings per share attributable to owners of the Company			
Basic and diluted (<i>HK cents</i>)	1.20	2.64	(54.5)

RESULTS

The board (the “**Board**”) of directors (the “**Directors**”) of Sang Hing Holdings (International) Limited (the “**Company**”) is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the year ended 31 March 2022, together with the comparative figures for the year ended 31 March 2021 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2022

		2022	2021
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue	5	426,960	390,229
Cost of services		<u>(394,880)</u>	<u>(350,808)</u>
Gross profit		32,080	39,421
Other income and other gain or loss, net	6	661	18,394
Administrative and operating expenses		<u>(19,461)</u>	<u>(24,022)</u>
Profit from operations		13,280	33,793
Finance costs	7	<u>(56)</u>	<u>(58)</u>
Profit before tax	8	13,224	33,735
Income tax	9	<u>(1,249)</u>	<u>(7,311)</u>
Profit and total comprehensive income for the year		<u>11,975</u>	<u>26,424</u>
Profit and total comprehensive income for the year attributable to owners of the Company		<u>11,975</u>	<u>26,424</u>
Earnings per share attributable to owners of the Company			
Basic and diluted (<i>HK cents</i>)	11	<u>1.20</u>	<u>2.64</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2022

	<i>Notes</i>	2022 HK\$'000	2021 HK\$'000
Non-current assets			
Property, plant and equipment		25,040	37,322
Right-of-use assets		1,041	569
Contract assets		2,736	1,329
Deposit paid		–	24,178
		<u>28,817</u>	<u>63,398</u>
Current assets			
Trade receivables	<i>12</i>	35,658	11,802
Contract assets		160,647	61,639
Prepayments, deposits and other receivables		87,622	132,898
Financial assets at fair value through profit or loss		7,722	11,473
Tax recoverable		–	877
Pledged bank deposits		6,639	6,637
Cash and cash equivalents		53,448	74,907
		<u>351,736</u>	<u>300,233</u>
Current liabilities			
Trade and retention payables	<i>13</i>	35,981	34,434
Other payables and accruals		7,253	7,547
Tax payables		5,900	–
Contract liabilities		7,579	7,269
Lease liabilities		575	496
		<u>57,288</u>	<u>49,746</u>
Net current assets		<u>294,448</u>	<u>250,487</u>
Total assets less current liabilities		<u>323,265</u>	<u>313,885</u>

	2022	2021
<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Non-current liabilities		
Deferred tax liabilities	5,109	7,988
Lease liabilities	375	91
	<u>5,484</u>	<u>8,079</u>
Net assets	<u>317,781</u>	<u>305,806</u>
Capital and reserves		
Share capital	10,000	10,000
Reserves	307,781	295,806
	<u>317,781</u>	<u>305,806</u>
Total equity attributable to owners of the Company	<u>317,781</u>	<u>305,806</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

1. GENERAL

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 the 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 (“**Mr. Lai**”) who is the chairman and executive director of the Company. Worldwide Intelligence and Mr. Lai 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 consolidated financial statements are presented in Hong Kong dollars (“**HK\$**”), which is also the functional currency of the Group. All values are rounded to the nearest thousand (HK\$’000) except otherwise indicated.

2. APPLICATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“**HKFRSs**”)

Amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountant (the “**HKICPA**”) for the first time, which are mandatorily effective for the Group’s annual period beginning on or after 1 April 2021 for the preparation of the consolidated financial statements:

Amendment to HKFRS 16	Covid-19 Related Rent Concessions
Amendment 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

In addition, the Group applied the agenda decision of the IFRS Interpretations Committee (the “Committee”) of the International Accounting Standards Board issued in June 2021 which clarified the costs an entity should include as “estimated costs necessary to make the sale” when determining the net reliable value of inventories.

The application of the amendments to HKFRSs in the current year has had no material impact on the Group’s financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

New and amendments to HKFRSs in issue but not yet effective

The Group has not early applied the following new and amendments to HKFRSs that have been issued but are not yet effective:

HKFRS 17	Insurance Contracts and the related Amendments ²
Amendments to HKFRS 3	Reference to the Conceptual Framework ¹
Amendments to HKFRS 10 and HKAS 28	Sales or Contribution of Assets between an Investor and its Associates 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 Statement 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.

The directors of the Company anticipate that the application of all new and amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

3. BASIS OF PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”) and by the Hong Kong Companies Ordinance.

The 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.

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 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 years ended 31 March 2022 and 2021 contributing individually over 10% of the Group’s revenue is as follows:

	2022 <i>HK\$’000</i>	2021 <i>HK\$’000</i>
Customer A	338,489	376,056
Customer B	<u>88,471</u>	<u>N/A*</u>

* Revenue from Customer B does not contribute over 10% of the total revenue of the Group for the year ended 31 March 2021.

5. 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.

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Revenue from civil engineering works	<u>426,960</u>	<u>390,229</u>

6. OTHER INCOME AND OTHER GAIN OR LOSS, NET

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Bank interest income	31	375
Government and other subsidies (<i>note (i)</i>)	747	11,096
Compensation from insurance	19	35
Compensation from director (<i>note (ii)</i>)	600	–
Income from supplying construction materials, labour and others	–	140
(Loss)/gain on disposal of property, plant and equipment	(1,370)	20
(Loss)/gain on disposal of financial assets at FVTPL	(108)	5,648
(Loss)/gain on change in fair value of financial assets at FVTPL	(736)	418
Management fee income	379	245
Dividend income from equity securities listed in Hong Kong	349	–
Sundry income	750	417
	<u>661</u>	<u>18,394</u>

Notes:

- (i) During the year ended 31 March 2022, the Group recognised government subsidies of approximately HK\$133,000 (2021: HK\$10,867,000) in respect of COVID-19 related subsidies, of which approximately HK\$Nil (2021: HK\$10,723,000) related to Employment Support Scheme and approximately HK\$133,000 (2021: HK\$Nil) was related to the Anti-Epidemic Fund Scheme provided by the Government of the Hong Kong Special Administrative Region (“Government”). The amount of approximately HK\$142,000 (2021: HK\$229,000) related to other subsidy provided by Construction Industry Council during the year ended 31 March 2022. The amount of approximately HK\$363,000 (2021: HK\$Nil) related to other subsidy under EX-Gratia Payment Scheme provided by the Government. The amount of approximately HK\$109,000 (2021: HK\$Nil) related to other subsidy under Youth Employment and Training Programme provided by the Government. There are no unfulfilled conditions or contingencies relating to these subsidies.
- (ii) The amount was paid by the Group's director, Mr. Lai Wai.

7. FINANCE COSTS

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Interest on bank overdrafts	11	9
Interest on lease liabilities	45	49
	<u>56</u>	<u>58</u>

8. PROFIT BEFORE TAX

Profit before tax is arrived at after charging:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Auditors' remuneration		
– Audit services	1,200	1,200
– Non-audit services	250	250
Depreciation of property, plant and equipment	9,656	8,918
Depreciation of right-of-use assets	768	1,037
<i>Less:</i> amounts included in cost of services	<u>(8,399)</u>	<u>(8,346)</u>
	<u>2,025</u>	<u>1,609</u>
Directors' remuneration		
– Other emoluments (fees, salaries, allowance, bonus and benefits in kind)	4,234	4,234
– Retirement benefit scheme contributions*	36	36
Staff costs (excluding directors' remuneration)		
– Wages, salaries, allowance and bonus	67,334	79,433
– Retirement benefits schemes contributions*	<u>2,279</u>	<u>2,812</u>
	<u>69,613</u>	<u>82,245</u>
<i>Less:</i> amounts included in cost of services	<u>(60,642)</u>	<u>(72,822)</u>
	<u>8,971</u>	<u>9,423</u>
Subcontracting costs	241,673	170,533
(Reversal of)/allowance for ECL on financial assets at amortised cost	(533)	680
Short-term lease expenses	<u>772</u>	<u>475</u>

* For the years ended 31 March 2022 and 2021, there was no forfeiture of retirement benefit scheme contributions (by employers on behalf of employees who leave the scheme prior to vesting fully in such contributions) in the Group. As at 31 March 2022 and 2021, no forfeited contribution under the retirement benefit plans of the Group is available to reduce the contribution payable in future years.

9. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2021: 16.5%) of the estimated assessable profits arising in Hong Kong during the year.

Under the two-tiered profits tax rates regime of Hong Kong Profits Tax, 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 of the qualifying group entity 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.

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Provision for Hong Kong profits tax:		
– Current tax	4,128	2,235
Deferred taxation	<u>(2,879)</u>	<u>5,076</u>
	<u><u>1,249</u></u>	<u><u>7,311</u></u>

10. DIVIDENDS

The Board did not recommend the payment of a final dividend for the years ended 31 March 2022 and 2021.

In June 2020, the Company declared final dividends in respect of the year ended 31 March 2020 for the amounts of HK\$10,000,000 and paid in September 2020.

11. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit for the year of approximately HK\$11,975,000 (2021: approximately HK\$26,424,000) and the weighted average number of ordinary shares of the Company in issue during the year.

	2022	2021
Weighted 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>

The denominators used are the same as those detailed above for both basic and diluted earnings per share.

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

12. TRADE RECEIVABLES

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Trade receivables	<u><u>35,658</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. The analysis below is net of allowance for ECL:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
0-30 days	<u><u>35,658</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. TRADE AND RETENTION PAYABLES

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Trade payables	27,512	27,060
Retention payables	<u>8,469</u>	<u>7,374</u>
	<u>35,981</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:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
0-30 days	11,070	10,530
31-60 days	2,557	3,431
61-90 days	3,111	2,150
Over 90 days	<u>10,774</u>	<u>10,949</u>
	<u>27,512</u>	<u>27,060</u>

14. SUBSEQUENT EVENT

No significant subsequent event took place after the year ended 31 March 2022.

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 year ended 31 March 2022, the Group's revenue was approximately HK\$427.0 million (2021: HK\$390.2 million), representing an increase of 9.4% as compared with last year. The profit attributable to shareholders for the year ended 31 March 2022 was approximately HK\$12.0 million while the profit for the year ended 31 March 2021 was approximately HK\$26.4 million, representing a decrease of 54.7%, which was mainly due to (i) the decrease in gross profit margin resulting from the increase in raw material costs and subcontracting costs; (ii) the decrease in wage subsidies provided by the Government of the Hong Kong Special Administrative Region ("**Government**") pursuant to the Employment Support Scheme under the Anti-epidemic Fund; and (iii) the decrease in a net gain on disposal of financial assets at fair value through profit or loss.

Analysis of revenue of each project during the year ended 31 March 2022 was as follows:

Project Code	Type of works	Location	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
On-going projects				
W55	Development of columbarium and infrastructural works	North District	82,877	91,185
W56	Land decontamination and advance engineering works	North District	55,920	127,363
W57	Development of Long Valley Nature Park	North District	82,241	99,138
W58	Construction of sewers and sewerage system	Northern Tuen Mun	32,881	3,865
W59	Site formation and infrastructure works for public housing developments	Kam Tin South, Yuen Long	44,086	–
Projects completed or substantially completed				
W46	Construction of sewage pumping station and associated sewerage	Tuen Mun District	–	856
W49	Construction of sewers and sewerage system	Tuen Mun District	55,590	10,307
W52	Remaining works of cycle tracks	North District and Tuen Mun District	73,365	57,273
W54	Temporary construction waste sorting facilities	Sai Kung District and Tuen Mun District	–	242
Total revenue			<u>426,960</u>	<u>390,229</u>

During the year ended 31 March 2022, we recognised revenue from 7 projects in total, of which two projects were substantially completed. In June 2021, we were awarded a new site formation and infrastructure works for public housing development project, Project W59, by Civil Engineering and Development Department. The revenue for the year ended 31 March 2022 was increased as compared with last year due to increase in revenue from final payment of Project W49 and W52 in which work progress of Project W49 and W52 was substantially completed during the year.

The gross profit margin for the year ended 31 March 2022 was 7.5% (2021: 10.1%). Decrease in gross profit margin as compared with last year was due to the increase in raw material costs and subcontracting costs.

Other income and net gain for the year ended 31 March 2022 was amounting to approximately HK\$0.7 million (2021: HK\$18.4 million), representing a decrease of 96.4% as compared with last year, which was due to the decrease in wage subsidies provided by the Government pursuant to the Employment Support Scheme under the Anti-epidemic Fund by approximately HK\$10.7 million and the decrease in a net gain on disposal of financial assets at fair value through profit or loss by approximately HK\$5.6 million.

Administrative and operating expenses for the year ended 31 March 2022 were amounting to approximately HK\$19.5 million (2021: HK\$24.0 million), representing a decrease of 19.0% as compared with last year, which was mainly due to decrease in consultancy fees and staff costs.

As at 31 March 2022, prepayments, deposit 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 year, prepayments, deposits and other receivables decreased by approximately HK\$45.3 million which was mainly due to decrease in subcontracting fee prepayments.

OUTLOOK

Looking ahead, the Group will take part in tenders for projects from various government departments more rigorously, especially those from the Civil Engineering and Development Department and Drainage Services Department, in order to secure more revenue from engineering projects. We expect that there will be a large number of infrastructure projects introduced by the Government in the northeastern part of New Territories, Hong Kong, especially works within the scope of site formation, roads and drainage. As a result, the Group will proactively participate in tenders to strive for successful bids.

Looking forward to next year, we expect that the Russia-Ukraine war will continue, the global financial and energy markets will remain volatile and the prices of energy and raw materials will remain high. Geopolitical uncertainties may result in the disruption of raw material supply chain, which in turn leads to the shortage of supply. Despite the less adverse effects suffered by the Group's business over other industries, we expect that our operating cost will keep high and the price will continue to increase in the coming year. The Group will take all reasonable measures to save energy and enhance the efficiency of resource utilisation, so as to control cost.

The Group will capitalise its competitive advantages after listing to secure more projects, and to actively participate in bidding for works of the Government to achieve increase revenue. In additions, we will continue submitting tenders for civil engineering works in order to replenish the revenue from the substantial completed or completed projects. In the meantime, 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 flow and banking facilities provided by its principal bankers.

As at 31 March 2022, the Group had cash and cash equivalents of approximately HK\$53.4 million (2021: approximately HK\$74.9 million) and pledged bank deposit of approximately HK\$6.6 million (2021: approximately HK\$6.6 million). The decrease of approximately HK\$21.5 million in cash and cash equivalents was mainly attributable to decrease in prepayments and other receivables. All of the bank balances were placed with banks in Hong Kong and are denominated in Hong Kong dollars. As at 31 March 2022, 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 year ended 31 March 2022. The capital of the Group only comprises of ordinary shares. As at 31 March 2022, the total number of issued ordinary shares of the Company was 1,000,000,000 of HK\$0.01 each.

GEARING RATIO

As at 31 March 2022, the Group's gearing ratio was approximately 0.3% (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 of the Company are of the view that the Group has sufficient liquidity to satisfy the funding requirements.

TREASURY POLICY

The directors of the Company 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 years ended 31 March 2022 and 2021.

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

As at 31 March 2022, the Group did not have any significant investments. Save as those disclosed in the prospectus of the Company dated 28 February 2020 (the "**Prospectus**"), there was no plan for any material investments or other additions of capital assets at the date of this announcement.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

The Group did not have any material acquisitions or disposals of subsidiaries, associates and joint ventures during the year ended 31 March 2022.

PLEDGE OF ASSETS

As at 31 March 2022, the Group pledged its bank deposits of approximately HK\$6.6 million (2021: approximately HK\$6.6 million) as securities for the Group's banking facilities (including letter of credit, bank overdrafts and performance bonds).

CONTINGENT LIABILITIES

As at 31 March 2022 and 2021, the Group did not have any material contingent liabilities.

CAPITAL COMMITMENTS

As at 31 March 2022 and 2021, the Group did not have any material capital commitments.

EMPLOYEE AND REMUNERATION POLICY

As at 31 March 2022, the Group had a total of 189 employees (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\$73.9 million for the year ended 31 March 2022 (2021: approximately HK\$86.5 million).

The remuneration package of 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 received by the Company from the placing and public offer of the Company's shares in March 2020 were approximately HK\$79.8 million after deducting the listing expenses of approximately HK\$45.2 million. As at 31 March 2022, the Group has utilised approximately HK\$70.9 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 31 March 2022, 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 31 March 2022 <i>HK\$ million</i>	Unutilised amount as at 31 March 2022 <i>HK\$ million</i>
Acquisition of additional plant and machinery	58.3	49.8	8.5
Recruitment and retiring additional staff	3.4	3.0	0.4
Costs for upgrading information technology system	2.9	2.9	–
Additional working capital	15.2	15.2	–
	<hr/>	<hr/>	<hr/>
Total	<u>79.8</u>	<u>70.9</u>	<u>8.9</u>

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 have changed the design of the project 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.

FINAL DIVIDEND

The Board did not recommend the payment of a final dividend for the year ended 31 March 2022 (2021: Nil).

CLOSURE OF REGISTER OF MEMBERS

For determining the shareholders' eligibility to attend and vote at the forthcoming annual general meeting of the Company to be held on Friday, 9 September 2022 ("AGM"), the register of members of the Company will be closed from Tuesday, 6 September 2022 to Friday, 9 September 2022, both dates inclusive, during which period no transfer of shares will be registered. In order to be eligible to attend and vote at the AGM, all share transfer documents, accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong (if the transfer will be lodged before 15 August 2022) or 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong (if the transfer will be lodged on or after 15 August 2022), for registration not later than 4:30 p.m. on Monday, 5 September 2022.

Remark: The address of the Company's Hong Kong Branch Share Registrar and Transfer Office, Tricor Investor Services Limited, will be changed to 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong with effect from 15 August 2022. For details, please refer to the Company's announcement to be made in due course.

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

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the year ended 31 March 2022.

SHARE OPTION SCHEME

On 29 January 2020, the then shareholders of the Company approved and conditionally adopted a share option scheme (the "**Share Option Scheme**"). No share option has been granted, exercised, cancelled or lapsed under the Share Option Scheme since its adoption and there was no share option outstanding as at 31 March 2022.

LITIGATION

As at the date of this announcement, all of the claims brought against the Group have been settled.

The directors of the Company are of the view that the amount to be borne by the Group in respect of the cost of the common law personal injury claims will be covered by the relevant insurance taken out by the Group. Therefore, the Group has not made provision to cover the potential liability under the above claims.

CORPORATE GOVERNANCE PRACTICES

The Company recognises the value and importance of achieving high corporate governance standards to enhance corporate performance, transparency and accountability, earning the confidence of shareholders and the public. In order to comply with the requirements under the Corporate Governance Code (the “**CG Code**”) as set out in Appendix 14 to the Listing Rules, the Company has adopted various measures to ensure the high standard of corporate governance is maintained.

Throughout the year ended 31 March 2022, the Company has complied with the code provisions of the CG Code.

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 year ended 31 March 2022. In addition, the Company is not aware of any non-compliance of the Model Code by the senior management of the Company during the year ended 31 March 2022.

SCOPE OF WORK OF HLB HODGSON IMPEY CHENG LIMITED

The financial figures in respect of the Group's consolidated statement of financial position, 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 this announcement have been agreed by the Group's auditor, HLB Hodgson Impey Cheng Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. 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 Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by HLB Hodgson Impey Cheng Limited on this announcement.

AUDIT COMMITTEE

The Company has established the audit committee (the "**Audit Committee**") with written terms of reference in compliance with the Listing Rules. 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, inter alia, reviewed the consolidated financial statements of the Group for the year ended 31 March 2022, including the accounting principles and practices adopted by the Group, as well as the risk management and internal control systems of the Group.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

This 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 annual report for the year ended 31 March 2022 will be despatched to the shareholders and 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, 28 June 2022

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