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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 2023**

FINANCIAL HIGHLIGHTS			
	2023	2022	Decrease
	HK\$'000	HK\$'000	%
Revenue	323,721	426,960	24.2
EBITDA	(80)	23,704	N/A
(Loss)/profit before tax	(10,296)	13,224	N/A
(Loss)/profit for the year attributable to owners of the Company	(8,397)	11,975	N/A
(Loss)/earnings per share attributable to owners of the Company			
Basic and diluted (<i>HK cents</i>)	(0.84)	1.20	N/A

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 2023, together with the comparative figures for the year ended 31 March 2022 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2023

		2023	2022
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue	5	323,721	426,960
Cost of services		<u>(319,726)</u>	<u>(394,880)</u>
Gross profit		3,995	32,080
Other income and other gain or loss, net	6	8,801	661
Administrative and operating expenses		<u>(22,980)</u>	<u>(19,461)</u>
(Loss)/profit from operations		(10,184)	13,280
Finance costs	7	<u>(112)</u>	<u>(56)</u>
(Loss)/profit before tax	8	(10,296)	13,224
Income tax	9	<u>1,899</u>	<u>(1,249)</u>
(Loss)/profit and total comprehensive (loss)/ income for the year		<u>(8,397)</u>	<u>11,975</u>
(Loss)/profit and total comprehensive (loss)/ income for the year attributable to owners of the Company		<u>(8,397)</u>	<u>11,975</u>
(Loss)/earnings per share attributable to owners of the Company			
Basic and diluted (<i>HK cents</i>)	11	<u>(0.84)</u>	<u>1.20</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2023

	<i>Notes</i>	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Non-current assets			
Property, plant and equipment		17,513	25,040
Right-of-use assets		2,548	1,041
Contract assets		2,888	2,736
		<u>22,949</u>	<u>28,817</u>
Current assets			
Trade receivables	<i>12</i>	25,015	35,658
Contract assets		109,308	160,647
Prepayments, deposits and other receivables		137,205	87,622
Financial assets at fair value through profit or loss		2,114	7,722
Tax recoverable		3,187	–
Pledged bank deposits		4,194	6,639
Cash and cash equivalents		55,149	53,448
		<u>336,172</u>	<u>351,736</u>
Current liabilities			
Trade and retention payables	<i>13</i>	38,225	35,981
Other payables and accruals		6,465	7,253
Tax payables		–	5,900
Contract liabilities		–	7,579
Lease liabilities		1,152	575
		<u>45,842</u>	<u>57,288</u>
Net current assets		<u>290,330</u>	<u>294,448</u>
Total assets less current liabilities		<u>313,279</u>	<u>323,265</u>

	2023	2022
<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Non-current liabilities		
Deferred tax liabilities	2,835	5,109
Lease liabilities	<u>1,060</u>	<u>375</u>
	<u>3,895</u>	<u>5,484</u>
Net assets	<u>309,384</u>	<u>317,781</u>
Capital and reserves		
Share capital	10,000	10,000
Reserves	<u>299,384</u>	<u>307,781</u>
Total equity attributable to owners of the Company	<u>309,384</u>	<u>317,781</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2023

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 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 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 2022 for the preparation of the consolidated financial statements:

Amendments to HKFRS 3	Reference to the Conceptual Framework
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018-2020
Accounting Guideline 5 (revised)	Merger Accounting for Common Control Consolidation

The application of these amendments to HKFRSs in the current year 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 (including the October 2020 and February 2022 Amendments to HKFRS 17)	Insurance Contracts ¹
Amendments to HKFRS 10 and HKAS 28	Sales or Contribution of Assets between an Investor and its Associates or Joint Venture ²
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback ³
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) ³
Amendments to HKAS 1	Non-current Liabilities with Covenants ³
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies ¹
Amendments to HKAS 8	Definition of Accounting Estimates ¹
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction ¹

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

² Effective for annual periods beginning on or after a date to be determined.

³ Effective for annual periods beginning on or after 1 January 2024.

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

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.

The preparation of the Group’s financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

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 2023 and 2022 contributing individually over 10% of the Group's revenue is as follows:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Customer A	307,594	338,489
Customer B	N/A*	88,471

* The corresponding revenue did not contribute over 10% of the total revenue of the Group for the respective year.

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.

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Revenue from civil engineering works	<u>323,721</u>	<u>426,960</u>

6. OTHER INCOME AND OTHER GAIN OR LOSS, NET

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Bank interest income	91	31
Government and other subsidies (<i>note (i)</i>)	2,922	747
Compensation from insurance	–	19
Compensation from director (<i>note (ii)</i>)	–	600
Loss on disposal of property, plant and equipment	(38)	(1,370)
Loss on disposal of financial assets at fair value through profit or loss (“FVTPL”)	(263)	(108)
Loss on change in fair value of financial assets at FVTPL	(335)	(736)
Management fee income	6,260	379
Dividend income from equity securities listed in Hong Kong	137	349
Sundry income	27	750
	<u>8,801</u>	<u>661</u>

Notes:

- (i) During the year ended 31 March 2023, the Group recognised government subsidies of approximately HK\$2,720,000 (2022: HK\$133,000) in respect of COVID-19 related subsidies, of which approximately HK\$2,543,000 (2022: HK\$Nil) related to Employment Support Scheme and approximately HK\$177,000 (2022: HK\$133,000) 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\$23,000 (2022: HK\$142,000) related to other subsidy provided by Construction Industry Council. The amount of approximately HK\$179,000 (2022: HK\$363,000) related to other subsidy under EX-Gratia Payment Scheme provided by the Government. The amount of approximately HK\$Nil (2022: HK\$109,000) 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 Company’s director, Mr. Lai Wai.

7. FINANCE COSTS

	2023 <i>HK\$’000</i>	2022 <i>HK\$’000</i>
Interest on bank overdrafts	24	11
Interest on lease liabilities	<u>88</u>	<u>45</u>
	<u>112</u>	<u>56</u>

8. (LOSS)/PROFIT BEFORE TAX

(Loss)/profit before tax is arrived at after charging:

	2023 <i>HK\$’000</i>	2022 <i>HK\$’000</i>
Auditors’ remuneration		
– Audit services	1,200	1,200
– Non-audit services	250	250
Depreciation of property, plant and equipment	9,204	9,656
Depreciation of right-of-use assets	900	768
Less: amounts included in cost of services	<u>(8,647)</u>	<u>(8,399)</u>
	<u>1,457</u>	<u>2,025</u>

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Directors' remuneration		
– Other emoluments (fees, salaries, allowance, bonus and benefits in kind)	4,234	4,234
– Retirement benefit scheme contributions*	31	36
Staff costs (excluding directors' remuneration)		
– Wages, salaries, allowance and bonus	51,481	67,334
– Retirement benefits schemes contributions*	1,647	2,279
	<u>53,128</u>	<u>69,613</u>
Less: amounts included in cost of services	<u>(43,565)</u>	<u>(60,642)</u>
	<u>9,563</u>	<u>8,971</u>
Subcontracting costs	171,673	241,673
Allowance for/(reversal of allowance for) expected credit loss (“ECL”) on financial assets at amortised cost	591	(533)
Short-term lease expenses	563	772
	<u><u>563</u></u>	<u><u>772</u></u>

* For the years ended 31 March 2023 and 2022, 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 2023 and 2022, 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% (2022: 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.

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Provision for Hong Kong profits tax:		
– Current tax	–	4,128
Deferred taxation	(1,899)	(2,879)
	<u>(1,899)</u>	<u>1,249</u>

10. DIVIDENDS

The Board did not recommend the payment of a final dividend for the year ended 31 March 2023 (2022: Nil).

11. (LOSS)/EARNINGS PER SHARE

The calculation of basic (loss)/earnings per share is based on the loss for the year of approximately HK\$8,397,000 (2022: profit for the year of approximately HK\$11,975,000) and the weighted average number of ordinary shares of the Company in issue during the year.

	2023	2022
Weighted average number of ordinary shares for the purpose of calculating basic (loss)/earnings per share	<u>1,000,000,000</u>	<u>1,000,000,000</u>

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

12. TRADE RECEIVABLES

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Trade receivables	<u>25,015</u>	<u>35,658</u>

As at 1 April 2021, trade receivables amounted to HK\$11,802,000.

The average credit period on construction works is 30 days.

An ageing 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:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
0-30 days	<u>25,015</u>	<u>35,658</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

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Trade payables	35,363	27,512
Retention payables	<u>2,862</u>	<u>8,469</u>
	<u>38,225</u>	<u>35,981</u>

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

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
0-30 days	11,076	11,070
31-60 days	9,167	2,557
61-90 days	7,355	3,111
Over 90 days	<u>7,765</u>	<u>10,774</u>
	<u>35,363</u>	<u>27,512</u>

14. SUBSEQUENT EVENTS

No significant subsequent event took place after the year ended 31 March 2023.

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 2023 (“FY2023”), the Group’s revenue was approximately HK\$323.7 million (2022: approximately HK\$427.0 million), representing a decrease of 24.2% as compared with last year. The loss attributable to shareholders for the year ended 31 March 2023 was approximately HK\$8.4 million while the profit for the year ended 31 March 2022 (“FY2022”) was approximately HK\$12.0 million, a loss suffering for the year, which was mainly due to (i) the decrease in revenue from civil engineering works as the work progress of two projects (Projects W56 and W57) was substantially completed in the second half of FY2023 and two projects (Projects W49 and W52) was completed/substantially completed in FY2022; and (ii) the decrease in gross profit margin due to increase in fuel costs, raw materials costs, direct wages and subcontracting costs driven by shortage of labour and supply, plus increase in maintenance or warranty resulting from the three substantially completed projects.

Analysis of revenue of each project during the year ended 31 March 2023 was as follows:

Project Code	Type of works	Location	2023 HK\$'000	2022 HK\$'000
On-going projects				
W55	Development of columbarium and infrastructural works	North District	24,792	82,877
W58	Construction of sewers and sewerage system	Northern Tuen Mun	16,126	32,881
W59	Site formation and infrastructure works for public housing developments	Kam Tin South, Yuen Long	12,761	44,086
W60	Temporary construction waste sorting facilities	Tseung Kwan O and Tuen Mun	81,011	–
Projects completed or substantially completed				
W49	Construction of sewers and sewerage system	Tuen Mun District	–	55,590
W52	Remaining works of cycle tracks	North District and Tuen Mun District	18,035	73,365
W56	Land decontamination and advance engineering works	North District	–	55,920
W57	Development of Long Valley Nature Park	North District	170,996	82,241
Total revenue			<u>323,721</u>	<u>426,960</u>

During the year ended 31 March 2023, we recognised revenue from 6 projects in total, of which two projects were substantially completed. The revenue for the year ended 31 March 2023 was decreased as compared with last year mainly due to decrease in revenue from Projects W56 and W57 which were substantially completed in the second half of financial year ended 31 March 2023 and decrease in revenue from Projects W49 and W52 which were completed/substantially completed during the year ended 31 March 2022.

The gross profit margin for the year ended 31 March 2023 was 1.2% (2022: 7.5%). Decrease in gross profit margin as compared with last year was due to the increase in fuel costs, raw material costs, direct wages and subcontracting costs, plus increase in maintenance and warranty resulting from the three substantially completed projects.

Other income and net gain for the year ended 31 March 2023 amounted to approximately HK\$8.8 million (2022: approximately HK\$0.7 million), representing an increase of 1,231.5% as compared with last year, which was due to increase in management income from joint operations partner for Projects W58 and W59 and increase in wages subsidies provided by the Government.

Administrative and operating expenses for the year ended 31 March 2023 amounted to approximately HK\$23.0 million (2022: approximately HK\$19.5 million), representing an increase of 17.9% as compared with last year, which was mainly due to an increase in estimated compensation loss on other receivables.

As at 31 March 2023, 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 the acquisition of plant and machinery and other receivables. During the year, prepayments, deposits and other receivables increased by approximately HK\$49.6 million which was mainly due to increase in subcontracting fee and contra charge 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, as the crisis continues unabated, with global geopolitics becoming complex, the global economy will remain unstable in the coming year. The ongoing conflict between Russia and Ukraine will result in continued uncertainty in energy supply, resulting in continued price fluctuations. After the passing of the pandemic, daily life has returned to normal, the increase in demand for various consumer goods, raw materials, and human resources will result in the increase in price, which will further driving up inflation. We expect that the relevant economic conditions will continue to persist in the coming year, which will pose negative impact and pressure on our costs. We will minimise the uncertainty caused by the post-pandemic period and international tensions, and will continue to impose strict and appropriate cost control measures to enable the Group to develop sustainably and strengthen its competitiveness to overcome the future challenges.

The Group will capitalise on its competitive advantages after listing to secure more projects, and actively participate in bidding for works of the Government to achieve increased revenue. In addition, 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 the 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 2023, the Group had cash and cash equivalents of approximately HK\$55.1 million (2022: approximately HK\$53.4 million) and pledged bank deposit of approximately HK\$4.2 million (2022: approximately HK\$6.6 million). The increase of approximately HK\$1.7 million in cash and cash equivalents was mainly attributable to increase in proceeds from disposal of financial assets at fair value through profit or loss. All of the bank balances were placed with banks in Hong Kong and are denominated in Hong Kong dollars. As at 31 March 2023, the Group had not experienced any liquidity problems in settling its payables in the normal course of business.

Additionally, as at 31 March 2023, the Group had unutilised banking facilities amounting to approximately HK\$79.0 million (2022: approximately HK\$76.5 million).

There has been no change in the capital structure of the Company during the year ended 31 March 2023. The capital of the Group only comprises ordinary shares. As at 31 March 2023, 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 2023, the Group's gearing ratio was approximately 0.7% (2022: approximately 0.3%). 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 2023 and 2022.

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

As at 31 March 2023, 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 2023.

PLEDGE OF ASSETS

As at 31 March 2023, the Group pledged its bank deposits of approximately HK\$4.2 million (2022: 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 2023 and 2022, the Group did not have any material contingent liabilities.

CAPITAL COMMITMENTS

As at 31 March 2023 and 2022, the Group did not have any material capital commitments.

EMPLOYEE AND REMUNERATION POLICY

As at 31 March 2023, the Group had a total of 132 employees (2022: 189) who were directly employed by the Group in Hong Kong. The staff costs, including Directors’ emoluments, of the Group amounted to approximately HK\$57.4 million for the year ended 31 March 2023 (2022: approximately HK\$73.9 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 training to the employees and sponsors the employees to attend various training courses, including those on occupational health and safety in relation to the work. 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 the commencement of work.

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 2023, the Group has utilised approximately HK\$76.2 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 2023, the net proceeds had been utilised as follows:

Intended use of net proceeds	Net proceeds <i>HK\$' million</i>	Amount not yet utilised as at 31 March 2022 <i>HK\$' million</i>	Amount utilised during the year ended 31 March 2023 <i>HK\$' million</i>	Amount not yet utilised as at 31 March 2023 <i>HK\$' million</i>	Expected timeline for utilisation of the unused net proceeds
Acquisition of additional plant and machinery	58.3	8.5	4.9	3.6	By 30 September 2023
Recruitment and retiring additional staff	3.4	0.4	0.4	–	N/A
Costs for upgrading information technology system	2.9	–	–	–	N/A
Additional working capital	15.2	–	–	–	N/A
Total	79.8	8.9	5.3	3.6	

The actual application of the net proceeds was slower than expected and such a 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) the 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.

FINAL DIVIDEND

The Board did not recommend the payment of a final dividend for the year ended 31 March 2023 (2022: 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, 8 September 2023 ("AGM"), the register of members of the Company will be closed from Tuesday, 5 September 2023 to Friday, 8 September 2023, 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 and transfer office in Hong Kong, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, for registration not later than 4:30 p.m. on Monday, 4 September 2023.

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 2023.

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 2023.

LITIGATION

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

The Directors 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.

The Board is of the opinion that the Company has complied with all the applicable code provisions of the CG Code during the year ended 31 March 2023, except for the deviations as stated below.

Under code provision C.1.6 of the CG Code, independent non-executive directors and other non-executive directors should attend general meetings to gain and develop a balanced understanding of the views of the shareholders. Ms. Tsang Wing Kiu, the independent non-executive Director, was unable to attend the annual general meeting of the Company held on 9 September 2022 due to personal reasons.

Under code provision D.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 year ended 31 March 2023, 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 year ended 31 March 2023. 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 2023.

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 2023 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. Ho Tai Tung, Ms. Tsang Wing Kiu and Mr. Choi Ho Yan, all being independent non-executive Directors. Mr. Choi Ho Yan 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 2023, 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 2023 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 2023

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. Ho Tai Tung, Ms. Tsang Wing Kiu and Mr. Choi Ho Yan.