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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 2024**

FINANCIAL HIGHLIGHTS

	Six months ended 30 September		
	2024	2023	Increase/ (decrease)
	HK\$'000	HK\$'000	%
	(Unaudited)	(Unaudited)	
Revenue	89,731	67,191	33.5
EBITDA	(4,463)	(6,380)	(30.0)
Loss before tax	(7,973)	(8,885)	(10.3)
Loss for the period attributable to owners of the Company	(8,903)	(6,918)	28.7
Loss per share attributable to owners of the Company			
Basic and diluted (<i>HK cents</i>)	(0.89)	(0.69)	29.0

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 2024, together with the comparative figures for the six months ended 30 September 2023 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 September 2024

		Six months ended 30 September	
		2024	2023
	Note	HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)
Revenue	3	89,731	67,191
Cost of services		<u>(87,103)</u>	<u>(65,841)</u>
Gross profit		2,628	1,350
Other income and other gain or loss, net	5	894	102
Administrative and operating expenses		<u>(11,327)</u>	<u>(10,265)</u>
Loss from operations		(7,805)	(8,813)
Finance costs	6	<u>(168)</u>	<u>(72)</u>
Loss before tax	7	(7,973)	(8,885)
Income tax	8	<u>(930)</u>	<u>1,967</u>
Loss and total comprehensive loss for the period		<u>(8,903)</u>	<u>(6,918)</u>
Loss and total comprehensive loss for the period attributable to owners of the Company		<u>(8,903)</u>	<u>(6,918)</u>
Loss per share attributable to owners of the Company			
Basic and diluted (<i>HK cents</i>)	9	<u>(0.89)</u>	<u>(0.69)</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2024

		As at 30 September 2024	As at 31 March 2024
	Note	HK\$'000 (Unaudited)	HK\$'000 (Audited)
Non-current assets			
Property, plant and equipment	11	14,436	11,122
Right-of-use assets		1,286	1,813
Contract assets	13	1,863	3,283
		<u>17,585</u>	<u>16,218</u>
Current assets			
Trade receivables	12	14,212	12,548
Contract assets	13	76,275	62,117
Prepayments, deposits and other receivables		182,455	184,016
Financial assets at fair value through profit or loss		489	428
Pledged bank deposits		4,425	4,346
Cash and cash equivalents		24,923	42,263
		<u>302,779</u>	<u>305,718</u>
Current liabilities			
Trade and retention payables	14	11,285	11,549
Other payables and accruals		5,919	5,328
Contract liabilities		6,412	–
Lease liabilities		677	996
		<u>24,293</u>	<u>17,873</u>

	As at 30 September 2024	As at 31 March 2024
<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Audited)
Net current assets	<u>278,486</u>	<u>287,845</u>
Total assets less current liabilities	<u>296,071</u>	<u>304,063</u>
Non-current liabilities		
Deferred tax liabilities	1,727	797
Lease liabilities	<u>219</u>	<u>238</u>
	<u>1,946</u>	<u>1,035</u>
Net assets	<u><u>294,125</u></u>	<u><u>303,028</u></u>
Capital and reserves		
Share capital	10,000	10,000
Reserves	<u>284,125</u>	<u>293,028</u>
Total equity attributable to owners of the Company	<u><u>294,125</u></u>	<u><u>303,028</u></u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2024

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 the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 17 March 2020. The registered office address and principal place of business in Hong Kong 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.

The condensed consolidated financial statements have not been audited by the Company’s auditor, but have been reviewed by the audit committee of the Company.

2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION

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 disclosure requirements of Appendix D2 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 2024 are the same as those followed in the preparation of the consolidated financial statements for the year ended 31 March 2024.

Application of 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 mandatory effective for the Group’s annual period beginning on or after 1 April 2024 for the preparation of the condensed consolidated financial statements:

Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

The application of these 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 management services which is recognised over time.

	Six months ended	
	30 September	
	2024	2023
	HK\$’000	HK\$’000
	(Unaudited)	(Unaudited)
Revenue from civil engineering works and related management services	89,731	67,191

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 management 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 2024 and 2023 contributing individually over 10% of the Group's revenue is as follows:

	Six months ended	
	30 September	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Customer A	80,482	65,648
Customer B	9,249	N/A*

* The corresponding revenue did not contribute over 10% of the total revenue of the Group for the six months ended 30 September 2023.

5. OTHER INCOME AND OTHER GAIN OR LOSS, NET

	Six months ended	
	30 September	
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Bank interest income	228	139
Loss on disposal of financial assets at fair value through profit or loss	–	(171)
(Gain)/loss on changes in fair value of financial assets at fair value through profit or loss	61	(71)
Loss on disposal of property, plant and equipment	–	(14)
Management fee income	65	–
Dividend income from equity securities listed in Hong Kong	12	124
Compensation from insurance	454	–
Sundry income	74	95
	894	102

6. FINANCE COSTS

	Six months ended	
	30 September	
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Interest on bank overdrafts	135	11
Interest on lease liabilities	33	61
	168	72

7. LOSS BEFORE TAX

Loss before tax is arrived at after charging:

	Six months ended	
	30 September	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Auditor's remuneration	250	250
Depreciation of property, plant and equipment	2,809	1,896
Depreciation of right-of-use assets	533	537
Less: amounts included in cost of services	<u>(2,670)</u>	<u>(1,694)</u>
	<u>672</u>	<u>739</u>
Directors' remuneration		
– Other emoluments (fees, salaries, allowance, bonus and benefits in kind)	1,050	1,964
– Retirement benefit scheme contributions	–	9
Staff costs (excluding Directors' remuneration)		
– Wages, salaries, allowance and bonus	19,945	20,535
– Retirement benefit scheme contributions	<u>424</u>	<u>629</u>
	<u>20,369</u>	<u>21,164</u>
Less: amounts included in cost of services	<u>(11,867)</u>	<u>(16,625)</u>
	<u>8,502</u>	<u>4,539</u>
Subcontracting costs	52,184	19,403
Allowance for expected credit losses on financial assets at amortised cost	156	624
Short-term lease expenses	<u>50</u>	<u>48</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 2023: 16.5%) of the estimated assessable profits arising in Hong Kong during the period.

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.

	Six months ended	
	30 September	
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Provision for Hong Kong profits tax:		
– Current tax	–	–
– Under provision in prior years	–	18
Deferred taxation	<u>930</u>	<u>(1,985)</u>
Tax charge/(credit) for the period	<u>930</u>	<u>(1,967)</u>

9. LOSS PER SHARE

The calculation of basic loss per share is based on the loss for the period of approximately HK\$8,903,000 (six months ended 30 September 2023: approximately HK\$6,918,000) and the weighted average number of ordinary shares of the Company in issue during the periods:

	Six months ended	
	30 September	
	2024	2023
	(Unaudited)	(Unaudited)
Weighted average number of ordinary shares for the purpose of calculating basic loss per share	<u>1,000,000,000</u>	<u>1,000,000,000</u>

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

10. DIVIDENDS

No dividends were paid, declared or proposed during the six months ended 30 September 2024. The Board did not declare the payment of an interim dividend for the six months ended 30 September 2024 (six months ended 30 September 2023: Nil).

11. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 September 2024, the Group's acquired property, plant and equipment at a total cost of approximately HK\$5,901,000.

During the six months ended 30 September 2023, the Group disposed of certain property, plant and equipment with an aggregate carrying amount of approximately HK\$41,000 for cash proceeds of approximately HK\$27,000, resulting in a loss on disposal of approximately HK\$14,000.

12. TRADE RECEIVABLES

	As at 30 September 2024 <i>HK\$'000</i> (Unaudited)	As at 31 March 2024 <i>HK\$'000</i> (Audited)
Trade receivables	14,212	12,548

The average credit period on construction works is 30 days.

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

	As at 30 September 2024 <i>HK\$'000</i> (Unaudited)	As at 31 March 2024 <i>HK\$'000</i> (Audited)
0-30 days	14,212	12,548

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 2024 <i>HK\$'000</i> (Unaudited)	As at 31 March 2024 <i>HK\$'000</i> (Audited)
Unbilled receivables (<i>note (i)</i>)	73,536	59,379
Retention receivables (<i>note (ii)</i>)	<u>4,602</u>	<u>6,021</u>
	78,138	65,400
Less: non-current portion of retention receivables	<u>(1,863)</u>	<u>(3,283)</u>
	<u><u>76,275</u></u>	<u><u>62,117</u></u>

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 2024 <i>HK\$'000</i> (Unaudited)	As at 31 March 2024 <i>HK\$'000</i> (Audited)
Trade payables	9,388	9,566
Retention payables	<u>1,897</u>	<u>1,983</u>
	<u>11,285</u>	<u>11,549</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:

	As at 30 September 2024 <i>HK\$'000</i> (Unaudited)	As at 31 March 2024 <i>HK\$'000</i> (Audited)
0-30 days	5,746	2,805
31-60 days	747	1,832
61-90 days	672	629
Over 90 days	<u>2,223</u>	<u>4,300</u>
	<u>9,388</u>	<u>9,566</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.

The Group was awarded a tender in May 2024 for a civil engineering project in relation to site formation and engineering infrastructure works in Hung Shui Kiu/Ha Tsuen New Development Area, Hong Kong (Project W61), with contract sum of approximately HK\$560 million which the contract period is from June 2024 to December 2028.

For the six months ended 30 September 2024, the Group’s revenue was approximately HK\$89.7 million (2023: approximately HK\$67.2 million), an increase of 33.5% as compared with the same corresponding period in 2023 which was due to increase in revenue from civil engineering works related services of Project W61. The loss attributable to owners of the Company for the six months ended 30 September 2024 was approximately HK\$8.9 million (2023: approximately HK\$6.9 million), representing an increase in loss of 28.7% as compared to the same corresponding period in 2023, which was mainly due to decrease in deferred tax recovery income.

Analysis of revenue of each project during the six months ended 30 September 2024 was as follows:

Project Code	Type of works	Location	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
On-going projects				
W58	Construction of sewers and sewerage system	Northern Tuen Mun	9,249	1,543
W59	Site formation and infrastructure works for public housing development	Kam Tin South, Yuen Long	1,410	6,862
W60	Temporary construction waste sorting facilities	Tseung Kwan O and Tuen Mun	38,133	49,247
W61	Site formation and engineering infrastructure works	Hung Shui Kiu/ Ha Tsuen New Development Area	40,939	–
Projects completed or substantially completed				
W55	Development of columbarium and infrastructural works	North District	–	6,081
W57	Development of Long Valley Nature Park	North District	–	3,458
Total revenue			<u>89,731</u>	<u>67,191</u>

During the six months ended 30 September 2024, we recognised revenue from 4 projects in total. The revenue for the six months ended 30 September 2024 was increased as compared with the same corresponding period in last year due to increase in revenue from Project W61 in which the contract period of Project W61 begun from June 2024.

The gross profit margin for the six months ended 30 September 2024 was 2.9% (2023: 2.0%). The gross profit margin was slightly improved but kept at low gross profit margin during the six months ended 30 June 2024. The low gross profit margin during the period was mainly due to work progress of Project W61 at the early stage of its contract period.

Other income and other gain or loss, net for the six months ended 30 September 2024 was amounting to approximately HK\$0.9 million (2023: approximately HK\$0.1 million), representing an increase of 776.5% as compared with the same corresponding period in last year, which was due to increase in compensation from insurance. As at 30 September 2024, the Group holds financial assets at fair value through profit or loss amounting to approximately HK\$0.5 million (31 March 2024: approximately HK\$0.4 million).

Administrative and operating expenses for the six months ended 30 September 2024 were amounting to approximately HK\$11.3 million (2023: approximately HK\$10.3 million), representing an increase of 9.7% as compared with the same corresponding period in last year, which was mainly due to increase in project bidding consultancy fee and other related office operating costs.

As at 30 September 2024, prepayments, deposits and other receivables mainly represented amounts paid for insurance and subcontracting fee prepayments, deposits for material purchases, deposits for rental and utilities and other receivables. During the period, prepayments, deposits and other receivables decreased by approximately HK\$1.6 million which was mainly due to decrease in prepayments, deposit for raw material purchases and other receivables regarding to contra charge due from subcontractors.

OUTLOOK

Looking forward to the second half of 2024/25, 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, and other public sector or institutions in order to secure more revenue from engineering projects. We expected that the economic circumstances in Hong Kong and Mainland China will follow a downward trend and become uncertain. Due to the fierce competition in the market and the increased technical requirements of the clients for bidding projects, it has become increasingly 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.

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 the raw material supply chain, which in turn leads to a shortage of supply. Despite the Group's business suffering fewer adverse effects than other industries, we expect our operating cost to remain 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 costs.

The Group will capitalise on 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 addition, the Group will also explore various opportunities 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 flows and banking facilities provided by its principal bankers. As at 30 September 2024, the Group had cash and cash equivalents of approximately HK\$24.9 million (31 March 2024: approximately HK\$42.3 million) and pledged bank deposits of approximately HK\$4.4 million (31 March 2024: approximately HK\$4.3 million). The decrease of approximately HK\$17.4 million in cash and cash equivalents was mainly attributable to losses incurred by the Group during the six months ended 30 September 2024 and purchases of property, plant and equipment. All of the bank balances were placed with banks in Hong Kong and are denominated in Hong Kong dollars. As at 30 September 2024, the Group had not experienced any liquidity problems in settling its payables in the normal course of business.

Additionally, as at 30 September 2024, the Group had unutilised banking facilities amounting to approximately HK\$75.0 million (31 March 2024: approximately HK\$75.0 million).

There has been no change in the capital structure of the Company during the six months ended 30 September 2024. The capital of the Company only comprises of ordinary shares. As at 30 September 2024, the total number of issued ordinary shares of the Company was 1,000,000,000 of HK\$0.01 each.

GEARING RATIO

As at 30 September 2024, the Group's gearing ratio was approximately 0.3% (31 March 2024: approximately 0.4%). 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 2024 and 2023.

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

As at 30 September 2024, the Group did not have any significant investments. There was no future plan for material investments or additions of capital assets as at the date of this announcement.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

During the six months ended 30 September 2024, the Group did not have any material acquisitions or disposals of subsidiaries, associates and joint ventures.

PLEDGE OF ASSETS

As at 30 September 2024, the Group pledged its bank deposits of approximately HK\$4.4 million (31 March 2024: approximately HK\$4.3 million) as securities for the Group's banking facilities (including letter of credit, bank overdrafts and performance bonds).

CONTINGENT LIABILITIES

As at 30 September 2024, the Group did not have any material contingent liabilities.

CAPITAL COMMITMENTS

As at 30 September 2024, the Group did not have any material capital commitments.

EVENTS AFTER REPORTING PERIOD

No major subsequent events have occurred since the end of the reporting period and up to the date of this announcement.

EMPLOYEE AND REMUNERATION POLICY

As at 30 September 2024, the Group had a total of 143 employees (31 March 2024: 98) who were directly employed by the Group in Hong Kong. The staff costs, including Directors' emoluments, of the Group amounted to approximately HK\$21.4 million for the six months ended 30 September 2024 (2023: approximately HK\$23.1 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 received by the Company from the 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 30 September 2024, the Group has fully utilised the net proceeds.

As at 30 September 2024, the net proceeds had been utilised as follows:

		Amount not yet utilised as at 31 March 2024 <i>HK\$ million</i>	Amount utilised during the six months ended 30 September 2024 <i>HK\$ million</i>	Amount not yet utilised as at 30 September 2024 <i>HK\$ million</i>
Intended use of net proceeds	Net proceeds			
	<i>HK\$' million</i>	<i>HK\$ million</i>	<i>HK\$ million</i>	<i>HK\$ million</i>
Acquisition of additional plant and machinery	58.3	3.6	3.6	–
Recruiting and retaining additional staff	3.4	–	–	–
Costs for upgrading information technology system	2.9	–	–	–
Additional working capital	15.2	–	–	–
Total	<u>79.8</u>	<u>3.6</u>	<u>3.6</u>	<u>–</u>

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) the 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.

CORPORATE GOVERNANCE AND OTHER INFORMATION

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Company has complied with the code provisions of the Corporate Governance Code (the “**CG Code**”) as set out in Part 2 of Appendix C1 to the Rules Governing the Listing of Securities (the “**Listing Rules**”) on the Stock Exchange throughout the six months ended 30 September 2024, except for the following deviation:

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 six months ended 30 September 2024, 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 C3 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 2024. 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 2024.

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

During the six months ended 30 September 2024, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company’s listed securities.

CHANGES IN DIRECTORS’ INFORMATION

During the six months ended 30 September 2024 and up to the date of this announcement, there is no change in information of the Directors or chief executives that is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

INTERIM DIVIDEND

The Board did not declare the payment of an interim dividend for the six months ended 30 September 2024 (2023: Nil).

AUDIT COMMITTEE

The audit committee of the Board (the “**Audit Committee**”) consists of four members, namely, 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 reviewed with the management the Group’s unaudited condensed consolidated financial statements for the six months ended 30 September 2024. 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 2024 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, 28 November 2024

As at the date of this announcement, the executive Directors are Mr. Lai Wai and Mr. Lai Ying Wah; and the independent non-executive Directors are Professor Leung Yee Tak, Mr. Ho Tai Tung, Ms. Tsang Wing Kiu and Mr. Choi Ho Yan.