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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 2024**

<b>FINANCIAL HIGHLIGHTS</b>			
	<b>2024</b>	<b>2023</b>	<b>Increase/ (Decrease)</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>	<b>%</b>
Revenue	<b>116,469</b>	323,721	(64.0)
EBITDA	<b>(825)</b>	(80)	931.3
Loss before tax	<b>(8,376)</b>	(10,296)	(18.6)
Loss for the year attributable to owners of the Company	<b>(6,356)</b>	(8,397)	(24.3)
Loss per share attributable to owners of the Company			
Basic and diluted ( <i>HK cents</i> )	<b>(0.64)</b>	(0.84)	(23.8)

## 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 2024, together with the comparative figures for the year ended 31 March 2023 as follows:

### CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

*For the year ended 31 March 2024*

		2024	2023
	<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Revenue</b>	5	<b>116,469</b>	323,721
Cost of services		<u>(112,299)</u>	<u>(319,726)</u>
<b>Gross profit</b>		<b>4,170</b>	3,995
Other income and other gain or loss, net	6	<b>13,366</b>	8,801
Administrative and operating expenses		<u>(25,782)</u>	<u>(22,980)</u>
<b>Loss from operations</b>		<b>(8,246)</b>	(10,184)
Finance costs	7	<u>(130)</u>	<u>(112)</u>
<b>Loss before tax</b>	8	<b>(8,376)</b>	(10,296)
Income tax	9	<u>2,020</u>	<u>1,899</u>
<b>Loss and total comprehensive loss for the year</b>		<u><b>(6,356)</b></u>	<u>(8,397)</u>
<b>Loss and total comprehensive loss for the year attributable to owners of the Company</b>		<u><b>(6,356)</b></u>	<u>(8,397)</u>
<b>Loss per share attributable to owners of the Company</b>			
Basic and diluted ( <i>HK cents</i> )	11	<u><b>(0.64)</b></u>	<u>(0.84)</u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2024

		2024	2023
	<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Non-current assets</b>			
Property, plant and equipment		11,122	17,513
Right-of-use assets		1,813	2,548
Contract assets		3,283	2,888
		<u>16,218</u>	<u>22,949</u>
<b>Current assets</b>			
Trade receivables	12	12,548	25,015
Contract assets		62,117	109,308
Prepayments, deposits and other receivables		184,016	137,205
Financial assets at fair value through profit or loss		428	2,114
Tax recoverable		–	3,187
Pledged bank deposits		4,346	4,194
Cash and cash equivalents		42,263	55,149
		<u>305,718</u>	<u>336,172</u>
<b>Current liabilities</b>			
Trade and retention payables	13	11,549	38,225
Other payables and accruals		5,328	6,465
Lease liabilities		996	1,152
		<u>17,873</u>	<u>45,842</u>
<b>Net current assets</b>		<u>287,845</u>	<u>290,330</u>
<b>Total assets less current liabilities</b>		<u>304,063</u>	<u>313,279</u>

	<b>2024</b>	2023
<i>Note</i>	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
<b>Non-current liabilities</b>		
Deferred tax liabilities	797	2,835
Lease liabilities	<u>238</u>	<u>1,060</u>
	<u>1,035</u>	<u>3,895</u>
<b>Net assets</b>	<b><u>303,028</u></b>	<b><u>309,384</u></b>
<b>Capital and reserves</b>		
Share capital	10,000	10,000
Reserves	<u>293,028</u>	<u>299,384</u>
<b>Total equity attributable to owners of the Company</b>	<b><u>303,028</u></b>	<b><u>309,384</u></b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 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. The registered office address 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 NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“**HKFRSs**”)

### *New and amendments to HKFRSs that are mandatorily effective for the current year*

In the current year, the Group has applied the following new and 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 2023 for the preparation of the consolidated financial statements:

HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17)	Insurance Contracts
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	International Tax Reform-Pillar Two model Rules
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies

The application of these new and 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.

***Change in accounting policy as a result of application of the HKICPA guidance on the accounting implications of the abolition of the Mandatory Provident Fund (“MPF”)-Long Service Payment (“LSP”) offsetting mechanism in Hong Kong***

The Group has a subsidiary operating in Hong Kong which are obliged to pay LSP to employees under certain circumstances. Meanwhile, the Group makes mandatory MPF contributions to the trustee who administers the assets held in a trust solely for the retirement benefits of each individual employee. Offsetting of LSP against an employee's accrued retirement benefits derived from employers' MPF contributions was allowed under the Employment Ordinance (Cap.57). In June 2022, the Government of the Hong Kong Special Administrative Region gazetted the Employment and Retirement Schemes Legislation (Offsetting Arrangement) (Amendment) Ordinance 2022 (the “**Amendment Ordinance**”) which abolishes the use of the accrued benefits derived from employers' mandatory MPF contributions to offset severance payment and LSP (the “**Abolition**”). The Abolition will officially take effect on 1 May 2025 (the “**Transition Date**”). In addition, under the Amendment Ordinance, the last month's salary immediately preceding the Transition Date (instead of the date of termination of employment) is used to calculate the portion of LSP in respect of the employment period before the Transition Date.

In July 2023, the HKICPA published “Accounting implications of the abolition of the MPF-LSP offsetting mechanism in Hong Kong” (the “**Guidance**”) which provides guidance for the accounting for the offsetting mechanism and the impact arising from abolition of the MPF-LSP offsetting mechanism in Hong Kong. In light of this, the Group has implemented the guidance published by the HKICPA in connection with the LSP obligation retrospectively so as to provide more reliable and more relevant information about the effects of the offsetting mechanism and the Abolition.

The Group considered the accrued benefits arising from employer's MPF contributions that have been vested with the employee and which could be used to offset the employee's LSP benefits as a deemed contribution by the employee towards the LSP. Historically, the Group has been applying the practical expedient in paragraph 93(b) of HKAS 19 to account for the deemed employee's contributions as a reduction of the service cost in the period in which the related service is rendered.

Based on the Guidance, as a result of the Abolition, these contributions are no longer considered “linked solely to the employee’s service in that period” since the mandatory employer’s MPF contributions after the Transition Date can still be used to offset the pre-transition LSP obligation. Therefore, it would not be appropriate to view the contributions as “independent of the number of years of service” and the practical expedient in paragraph 93(b) of HKAS 19 is no longer applicable. Instead, these deemed contributions should be attributed to periods of service in the same manner as the gross LSP benefit applying paragraph 93(a) of HKAS 19. Accordingly, the Group has recognised a cumulative catch-up adjustment in profit or loss for the service cost, interest expense and remeasurement effect from changes in actuarial assumptions for the year ended 31 March 2023, with corresponding adjustment to the LSP obligation. The cumulative catch-up adjustment is calculated as the difference at the enactment date (16 June 2022) between the carrying amount of the LSP liability calculated under paragraph 93(b) of HKAS 19 before the Abolition and the carrying amount of the LSP liability calculated under paragraph 93(a) of HKAS 19 after the Abolition.

The change in accounting policy has no material impact on the Group’s consolidated financial statements for the current and previous year.

***Amendments to HKFRSs that have been issued but not yet effective***

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

Amendments to HKFRS 10 and HKAS 28	Sales or Contribution of Assets between an Investor and its Associates or Joint Venture <sup>1</sup>
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback <sup>2</sup>
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) <sup>2</sup>
Amendments to HKAS 1	Non-current Liabilities with Covenants <sup>2</sup>
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangement <sup>2</sup>
Amendments to HKAS 21	Lack of Exchange ability <sup>3</sup>

<sup>1</sup> Effective for annual periods beginning on or after a date to be determined.

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2024.

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2025.

The directors of the Company anticipate that the application of the 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 2024 and 2023 contributing individually over 10% of the Group's revenue is as follows:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Customer A	<u>116,469</u>	<u>307,594</u>

**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.

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Revenue from civil engineering works	<u>116,469</u>	<u>323,721</u>

**6. OTHER INCOME AND OTHER GAIN OR LOSS, NET**

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Bank interest income	386	91
Government and other subsidies ( <i>note (i)</i> )	–	2,922
Gain/(loss) on disposal of property, plant and equipment	7	(38)
Loss on disposal of financial assets at fair value through profit or loss (“FVTPL”)	(171)	(263)
Loss on change in fair value of financial assets at FVTPL	(130)	(335)
Management fee income ( <i>note (ii)</i> )	12,945	6,260
Dividend income from equity securities listed in Hong Kong	146	137
Sundry income	<u>183</u>	<u>27</u>
	<u>13,366</u>	<u>8,801</u>

*Notes:*

- (i) During the year ended 31 March 2023, the Group recognised government subsidies of approximately HK\$2,720,000 in respect of COVID-19 related subsidies, of which approximately HK\$2,543,000 related to Employment Support Scheme and approximately HK\$177,000 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 related to other subsidy provided by Construction Industry Council. The amount of approximately HK\$179,000 related to other subsidy under EX-Gratia Payment Scheme provided by the Government. There are no unfulfilled conditions or contingencies relating to these subsidies.
- (ii) Management fee income represented the management fee received from the Sang Hing - Kuly Joint Venture. The Group will receive management fee income until the completion of Projects W58 and W59.

**7. FINANCE COSTS**

	<b>2024</b>	2023
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
Interest on bank overdrafts	<b>21</b>	24
Interest on lease liabilities	<b>109</b>	88
	<b>130</b>	112

**8. LOSS BEFORE TAX**

Loss before tax is arrived at after charging:

	<b>2024</b>	2023
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
Auditors' remuneration		
– Audit services	<b>1,200</b>	1,200
– Non-audit services	<b>250</b>	250
Depreciation of property, plant and equipment	<b>6,350</b>	9,204
Depreciation of right-of-use assets	<b>1,071</b>	900
<i>Less: amounts included in cost of services</i>	<b>(5,985)</b>	(8,647)
	<b>1,436</b>	1,457

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Directors' remuneration		
– Other emoluments (fees, salaries, allowance, bonus and benefits in kind)	3,064	4,234
– Retirement benefit scheme contributions	9	31
Staff costs (excluding directors' remuneration)		
– Wages, salaries, allowance and bonus	39,449	51,481
– Retirement benefits schemes contributions	1,166	1,647
	<u>40,615</u>	<u>53,128</u>
Less: amounts included in cost of services	<u>(23,428)</u>	<u>(43,565)</u>
	<u>17,187</u>	<u>9,563</u>
Subcontracting costs	32,623	171,673
Allowance for expected credit loss (“ECL”) on financial assets at amortised cost	164	591
Short-term lease expenses	99	563
	<u>99</u>	<u>563</u>

## 9. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2023: 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.

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Provision for Hong Kong profits tax:		
– Current tax	–	–
– Underprovision in prior years	18	–
Deferred taxation	<u>(2,038)</u>	<u>(1,899)</u>
	<u>(2,020)</u>	<u>(1,899)</u>

## 10. DIVIDENDS

The Board did not recommend the payment of a final dividend for the year ended 31 March 2024 (2023: Nil).

## 11. LOSS PER SHARE

The calculation of basic loss per share is based on the loss for the year of approximately HK\$6,356,000 (2023: HK\$8,397,000) and the weighted average number of ordinary shares of the Company in issue during the year.

	2024	2023
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 diluted loss per share for both years is presented as there was no potential dilutive ordinary shares in issue during both years.

## 12. TRADE RECEIVABLES

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Trade receivables	<u>12,548</u>	<u>25,015</u>

As at 1 April 2022, trade receivables amounted to HK\$35,658,000.

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:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
0-30 days	<u>12,548</u>	<u>25,015</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

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Trade payables	9,566	35,363
Retention payables	<u>1,983</u>	<u>2,862</u>
	<u><b>11,549</b></u>	<u><b>38,225</b></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:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
0-30 days	2,805	11,076
31-60 days	1,832	9,167
61-90 days	629	7,355
Over 90 days	<u>4,300</u>	<u>7,765</u>
	<u><b>9,566</b></u>	<u><b>35,363</b></u>

### 14. SUBSEQUENT EVENTS

On 23 May 2024, a joint venture formed between Sang Hing Civil Contractors Company Limited, a wholly-owned subsidiary of the Company, and Kuly Construction & Engineering Company Limited was awarded a tender 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, with contract sum of approximately HK\$560 million which the contract period is from June 2024 to December 2028.

Save as disclosed above, the Group had no material events for disclosure subsequent to 31 March 2024 and up to the date of this announcement.

## **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 year ended 31 March 2024, the Group's revenue was approximately HK\$116.5 million (2023: approximately HK\$323.7 million), representing a decrease of 64.0% as compared with last year. The loss attributable to shareholders for the year ended 31 March 2024 was approximately HK\$6.4 million (2023: approximately HK\$8.4 million), representing a decrease in loss of 24.3% as compared to last year. The loss for the year was mainly due to the decrease in revenue from civil engineering works as the work progress of Project W57 was substantially completed.

Analysis of revenue and management fee income of each project during the year ended 31 March 2024 was as follows:

<b>Project Code</b>	<b>Type of works</b>	<b>Location</b>	<b>2024</b> <i>HK\$'000</i>	<b>2023</b> <i>HK\$'000</i>
<b>On-going projects</b>				
W58	Construction of sewers and sewerage system	Northern Tuen Mun	<b>2,401</b>	18,011
W59	Site formation and infrastructure works for public housing developments	Kam Tin South, Yuen Long	<b>10,544</b>	16,847
W60	Temporary construction waste sorting facilities	Tseung Kwan O and Tuen Mun	<b>77,047</b>	81,011
<b>Projects completed or substantially completed</b>				
W52	Remaining works of cycle tracks	North District and Tuen Mun District	–	18,324
W55	Development of columbarium and infrastructural works	North District	<b>24,423</b>	24,792
W57	Development of Long Valley Nature Park	North District	<b>14,999</b>	170,996
Total			<b><u>129,414</u></b>	<b><u>329,981</u></b>

During the year ended 31 March 2024, we recognised revenue and management fee income from five projects in total, of which two projects were substantially completed. The revenue for the year ended 31 March 2024 was decreased as compared with last year mainly due to decrease in revenue from Project W57 which was substantially completed.

The gross profit margin for the year ended 31 March 2024 was 3.6% (2023: 1.2%). Increase in gross profit margin as compared with last year was due to stable in price of fuel costs and raw material costs.

Other income and net gain for the year ended 31 March 2024 amounted to approximately HK\$13.4 million (2023: approximately HK\$8.8 million), representing an increase of 51.9% as compared with last year, which was due to increase in management fee income from joint operations partner for Projects W58 and W59.

Administrative and operating expenses for the year ended 31 March 2024 amounted to approximately HK\$25.8 million (2023: approximately HK\$23.0 million), representing an increase of 12.2% as compared with last year, which was mainly due to increase in technical fees, professional costs and staff costs relating to preparation works on bidding government tenders during the year.

As at 31 March 2024, prepayments, deposits and other receivables mainly represented amounts paid for insurance and subcontracting fee prepayments, deposits for rental and utilities, and other receivables. During the year, prepayments, deposits and other receivables increased by approximately HK\$46.8 million which was mainly due to increase in prepayments of subcontracting fee, contra charge, material costs and rental of plant and machinery.

## **OUTLOOK**

Looking forward for the next year, the Group will take part in tenders for projects from various government departments more rigorously and actively, especially those from the Civil Engineering and Development Department and Drainage Services Department, in order to secure more revenue from engineering projects. Due to the fierce competition in the market and the increased technical requirements of the clients for bidding projects, it has become increasingly more difficult to successfully win bids for projects. We will enhance the Group's bidding advantages and capabilities and strive for more successful bids for projects.



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

## **LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE**

The uses of cash of the Group are mainly for the financing of the operations and working capital requirements. The Group generally finances its operations with internally generated cash flow and banking facilities provided by its principal bankers.

As at 31 March 2024, the Group had cash and cash equivalents of approximately HK\$42.3 million (2023: approximately HK\$55.1 million) and pledged bank deposit of approximately HK\$4.3 million (2023: approximately HK\$4.2 million). The decrease of approximately HK\$12.9 million in cash and cash equivalents was mainly attributable to decrease in trade receivables and contract assets. All of the bank balances were placed with banks in Hong Kong and are denominated in Hong Kong dollars. As at 31 March 2024, the Group had not experienced any liquidity problems in settling its payables in the normal course of business.

Additionally, as at 31 March 2024, the Group had unutilised banking facilities amounting to approximately HK\$75 million (2023: approximately HK\$79 million).

There has been no change in the capital structure of the Company during the year ended 31 March 2024. The capital of the Group only comprises ordinary shares. As at 31 March 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 31 March 2024, the Group's gearing ratio was approximately 0.4% (2023: approximately 0.7%). 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 2024 and 2023.

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

As at 31 March 2024, 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 2024.

## **PLEDGE OF ASSETS**

As at 31 March 2024, the Group pledged its bank deposits of approximately HK\$4.3 million (2023: approximately HK\$4.2 million) as securities for the Group's banking facilities (including letter of credit, bank overdrafts and performance bonds).

## **CONTINGENT LIABILITIES**

As at 31 March 2024 and 2023, the Group did not have any material contingent liabilities.

## **CAPITAL COMMITMENTS**

As at 31 March 2024 and 2023, the Group did not have any material capital commitments.

## **EMPLOYEE AND REMUNERATION POLICY**

As at 31 March 2024, the Group had a total of 98 employees (2023: 132) who were directly employed by the Group in Hong Kong. The staff costs, including Directors' emoluments, of the Group amounted to approximately HK\$43.7 million for the year ended 31 March 2024 (2023: approximately HK\$57.4 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 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. During the year ended 31 March 2024, the Group did not fully utilise 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 2024, the net proceeds had been utilised as follows:

<b>Intended use of net proceeds</b>	<b>Net proceeds</b>	<b>Amount not yet utilised as at 31 March 2023</b>	<b>Amount utilised during the year ended 31 March 2024</b>	<b>Amount not yet utilised as at 31 March 2024</b>	<b>Expected timeline for utilisation of the unused net proceeds</b>
	<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	Before 31 March 2025
Recruitment and retiring additional staff	3.4	–	–	–	N/A
Costs for upgrading information technology system	2.9	–	–	–	N/A
Additional working capital	15.2	–	–	–	N/A
<b>Total</b>	<b>79.8</b>	<b>3.6</b>	<b>–</b>	<b>3.6</b>	

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.

## FINAL DIVIDEND

The Board did not recommend the payment of a final dividend for the year ended 31 March 2024 (2023: 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 Thursday, 5 September 2024 ("AGM"), the register of members of the Company will be closed from Monday, 2 September 2024 to Thursday, 5 September 2024, 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 Friday, 30 August 2024.

## **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 2024.

## **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 2024.

## **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 C1 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 code provisions as set out in Part 2 of the CG Code during the year ended 31 March 2024, 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. Mr. Fung Chi Kin, the non-executive Director at the material time, was unable to attend the annual general meeting of the Company held on 12 September 2023 due to other business engagement.

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 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 year ended 31 March 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 year ended 31 March 2024.

## **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 2024 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 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, inter alia, reviewed the consolidated financial statements of the Group for the year ended 31 March 2024, 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 2024 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, 27 June 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 Prof. Leung Yee Tak, Mr. Ho Tai Tung, Ms. Tsang Wing Kiu and Mr. Choi Ho Yan.*