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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 2021**

<b>FINANCIAL HIGHLIGHTS</b>	<b>2021</b>	<b>2020</b>	<b>Decrease</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>	<b>%</b>
Revenue	<b>390,229</b>	515,560	24.3
EBITDA	<b>43,748</b>	78,415	44.2
Profit before tax	<b>33,735</b>	59,857	43.6
Profit for the year attributable to owners of the Company	<b>26,424</b>	48,030	45.0
Earnings per share attributable to owners of the Company			
Basic and diluted ( <i>HK cents</i> )	<b>2.64</b>	6.32	58.2

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

## RESULTS

The board (the “**Board**”) of directors (the “**Directors**”) of Sang Hing Holdings (International) Limited (the “**Company**”) is pleased to announce the audited results of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the year ended 31 March 2021, together with the comparative figures for the year ended 31 March 2020 as follows:

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

*For the year ended 31 March 2021*

	<i>Note</i>	<b>2021</b> <i>HK\$'000</i>	<b>2020</b> <i>HK\$'000</i>
<b>Revenue</b>	<i>5</i>	<b>390,229</b>	515,560
Cost of services		<u>(350,808)</u>	<u>(438,297)</u>
<b>Gross profit</b>		<b>39,421</b>	77,263
Other income and net gain	<i>6</i>	<b>18,394</b>	4,416
Administrative and operating expenses		<b>(24,022)</b>	(9,810)
Listing expenses		<u>–</u>	<u>(11,903)</u>
<b>Profit from operations</b>		<b>33,793</b>	59,966
Finance costs	<i>7</i>	<u>(58)</u>	<u>(109)</u>
<b>Profit before tax</b>	<i>8</i>	<b>33,735</b>	59,857
Income tax	<i>9</i>	<u>(7,311)</u>	<u>(11,827)</u>
<b>Profit and total comprehensive income for the year</b>		<u><b>26,424</b></u>	<u>48,030</u>
<b>Profit and total comprehensive income for the year attributable to owners of the Company</b>		<u><b>26,424</b></u>	<u>48,030</u>
<b>Earnings per share attributable to owners of the Company</b>			
Basic and diluted ( <i>HK cents</i> )	<i>11</i>	<u><b>2.64</b></u>	<u>6.32</u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

*As at 31 March 2021*

	<i>Note</i>	<b>2021</b> <i>HK\$'000</i>	2020 <i>HK\$'000</i>
<b>Non-current assets</b>			
Property, plant and equipment		<b>37,322</b>	24,426
Right-of-use assets		<b>569</b>	1,634
Contract assets		<b>1,329</b>	2,293
Deposit paid		<b>24,178</b>	1,300
		<u><b>63,398</b></u>	<u>29,653</u>
<b>Current assets</b>			
Trade receivables	<i>12</i>	<b>11,802</b>	40,241
Contract assets		<b>61,639</b>	47,438
Prepayments, deposits and other receivables		<b>132,898</b>	69,685
Financial assets at fair value through profit or loss		<b>11,473</b>	–
Tax recoverable		<b>877</b>	594
Pledged bank deposits		<b>6,637</b>	8,305
Cash and cash equivalents		<b>74,907</b>	172,214
		<u><b>300,233</b></u>	<u>338,477</u>
<b>Current liabilities</b>			
Trade and retention payables	<i>13</i>	<b>34,434</b>	55,062
Other payables and accruals		<b>7,547</b>	14,629
Contract liabilities		<b>7,269</b>	4,636
Lease liabilities		<b>496</b>	1,059
		<u><b>49,746</b></u>	<u>75,386</u>
<b>Net current assets</b>		<u><b>250,487</b></u>	<u>263,091</u>
<b>Total assets less current liabilities</b>		<u><b>313,885</b></u>	<u>292,744</u>

	<i>Note</i>	<b>2021</b> <b><i>HK\$'000</i></b>	2020 <i>HK\$'000</i>
<b>Non-current liabilities</b>			
Deferred tax liabilities		<b>7,988</b>	2,912
Lease liabilities		<b>91</b>	450
		<u><b>8,079</b></u>	<u>3,362</u>
<b>Net assets</b>		<u><b>305,806</b></u>	<u>289,382</u>
<b>Capital and reserves</b>			
Share capital		<b>10,000</b>	10,000
Reserves		<b>295,806</b>	279,382
<b>Total equity attributable to owners of the Company</b>		<u><b>305,806</b></u>	<u>289,382</u>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

*For the year ended 31 March 2021*

## 1. GENERAL

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

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

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

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

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

### **Amendments to HKFRSs that are mandatorily effective for the current year**

In the current year, the Group has applied the Amendments to References to the Conceptual Framework in HKFRS Standards and 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 2020 for the preparation of the consolidated financial statements:

Amendments to HKAS 1 and HKAS 8	Definition of Material
Amendments to HKFRS 3	Definition of a Business
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform

The application of the Amendments to References to the Conceptual Framework in HKFRS Standards and the 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	Insurance Contracts and the related Amendments <sup>1</sup>
Amendments to HKFRS 3	Reference to the Conceptual Framework <sup>2</sup>
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2 <sup>5</sup>
Amendments to HKFRS 10 and HKAS 28	Sales or Contribution of Assets between an Investor and its Associates or Joint Venture <sup>3</sup>
Amendment to HKFRS 16	Covid-19-Related Rent Concessions <sup>4</sup>
Amendment to HKFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021 <sup>6</sup>
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) <sup>1</sup>
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use <sup>2</sup>
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract <sup>2</sup>
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018-2020 <sup>2</sup>
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies <sup>1</sup>
Amendments to HKAS 8	Definition of Accounting Estimates <sup>1</sup>
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a single Transaction <sup>1</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2023.

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2022.

<sup>3</sup> Effective for annual periods beginning on or after a date to be determined.

<sup>4</sup> Effective for annual periods beginning on or after 1 June 2020.

<sup>5</sup> Effective for annual periods beginning on or after 1 January 2021.

<sup>6</sup> Effective for annual periods beginning on or after 1 April 2021.

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.

### 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 2021 and 2020 contributing individually over 10% of the Group’s revenue is as follows:

	2021 <i>HK\$’000</i>	2020 <i>HK\$’000</i>
Customer A	376,056	443,633
Customer B	<u>14,173</u>	<u>70,101</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.

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Revenue from civil engineering works	<u>390,229</u>	<u>515,560</u>

## 6. OTHER INCOME AND NET GAIN

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Bank interest income	375	704
Government and other subsidies ( <i>note (i)</i> )	11,096	765
Compensation from insurance	35	1,253
Income from supplying construction materials, labour and others	140	610
Net gain on disposal of property, plant and equipment	20	249
Net gain on disposal of financial assets at fair value through profit or loss	5,648	–
Unrealised gain on financial assets at fair value through profit or loss	418	–
Gain on modification of lease	–	3
Management fee income	245	661
Sundry income	417	171
	<u>18,394</u>	<u>4,416</u>

*Note:*

- (i) During the year ended 31 March 2021, the Group recognised government subsidies of approximately HK\$10,867,000 in respect of COVID-19 related subsidies, of which approximately HK\$10,723,000 related to Employment Support Scheme provided by the Government of the Hong Kong Special Administrative Region. The amounts of approximately HK\$229,000 (2020: HK\$765,000) related to other subsidy provided by Construction Industry Council during the year ended 31 March 2021. There are no unfulfilled conditions or contingencies relating to these subsidies.

## 7. FINANCE COSTS

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Interest on bank overdrafts	9	6
Interest on lease liabilities	49	103
	<u>58</u>	<u>109</u>



## 8. PROFIT BEFORE TAX

Profit before tax is arrived at after charging/(crediting):

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Auditors' remuneration ( <i>Note (a)</i> )		
– Audit services	1,200	900
– Non-audit services	250	–
Listing expenses	–	11,903
Depreciation of property, plant and equipment	8,918	5,702
Depreciation of right-of-use assets	1,037	844
<i>Less: amounts included in cost of services</i>	<u>(8,346)</u>	<u>(5,479)</u>
	<u>1,609</u>	<u>1,067</u>
Directors' remuneration		
– Other emoluments (fees, salaries, allowance, bonus and benefits in kind)	4,234	975
– Retirement benefit scheme contributions	36	17
Staff costs (excluding directors' remuneration)		
– Wages, salaries, allowance and bonus	79,433	82,082
– Retirement benefits schemes contributions	<u>2,812</u>	<u>2,926</u>
	82,245	85,008
<i>Less: amounts included in cost of services</i>	<u>(72,822)</u>	<u>(79,924)</u>
	<u>9,423</u>	<u>5,084</u>
Allowance for ECL on financial asset at amortised cost	680	326
Short-term lease expenses	475	235
Net gain on disposal of financial assets at fair value through profit or loss	(5,648)	–
Unrealised gain on financial assets at fair value through profit or loss	<u>(418)</u>	<u>–</u>
	<u><u>(6,066)</u></u>	<u><u>–</u></u>

*Note:*

(a) Exclude services for the listing of the Company.

## 9. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2020: 16.5%) of the estimated assessable profits arising in Hong Kong during the year.

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

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

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Provision for Hong Kong profits tax:		
– Current tax	2,235	10,861
– Over-provision in prior years	–	(20)
– Deferred taxation	5,076	986
	<u>7,311</u>	<u>11,827</u>

## 10. DIVIDENDS

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

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

In February 2020, the Company declared dividends for the amounts of HK\$10,000,000 to its then shareholders and paid in February 2020.

## 11. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit for the year of approximately HK\$26,424,000 (2020: approximately HK\$48,030,000) and the weighted average number of ordinary shares of the Company in issue during the year.

	2021	2020
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	<u>1,000,000,000</u>	<u>760,245,902</u>

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

The weighted average number of ordinary shares used in the calculation of basic earnings per share for the year ended 31 March 2020 has been determined on the assumption that 750,000,000 ordinary shares had been in issue, comprising 100 ordinary shares issued under the Reorganisation and 749,999,900 ordinary shares issued pursuant to the capitalisation issue which took place upon the completion of the Share Offer, which were assumed to occur at 1 April 2018.

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

## 12. TRADE RECEIVABLES

	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
Trade receivables	<u>11,802</u>	<u>40,241</u>

The average credit period on construction works is 30 days.

An aging analysis of trade receivables as at the end of the reporting period, based on the invoice date. The analysis below is net of allowance for ECL:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
0-30 days	<u>11,802</u>	<u>40,241</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

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Trade payables	27,060	47,312
Retention payables	<u>7,374</u>	<u>7,750</u>
	<u>34,434</u>	<u>55,062</u>

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

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
0-30 days	10,530	14,895
31-60 days	3,431	21,586
61-90 days	2,150	6,025
Over 90 days	<u>10,949</u>	<u>4,806</u>
	<u>27,060</u>	<u>47,312</u>

### 14. SUBSEQUENT EVENT

On 8 June 2021, the Company announce that the Company, as the purchaser and Mr. Lai, the executive Director, as the vendor entered into a provisional sale and purchase agreement, pursuant to which the Company agreed to purchase a property and Mr. Lai agreed to sell the property at a consideration of HK\$6.0 million. Further details of the acquisition of the Property were set out in the announcement of the Company dated 8 June 2021.

## 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 2021, the Group's revenue was approximately HK\$390.2 million (2020: HK\$515.6 million), a decrease of 24.3% as compared with last year. The profit attributable to shareholders for the year ended 31 March 2021 was approximately HK\$26.4 million while the profit for the year ended 31 March 2020 was approximately HK\$48.0 million, representing a decrease of 45.0%, which was mainly due to decrease in revenue from civil engineering works of Projects W49, W52 and W56 and increase in administrative expenses during the year.

Analysis of revenue of each project during the year ended 31 March 2021 was as follows:

Project Code	Type of works	Location	2021 HK\$'000	2020 HK\$'000
On-going projects				
W55	Development of columbarium and infrastructural works	North District	91,185	61,570
W56	Land decontamination and advance engineering works	North District	127,363	205,924
W57	Development of Long Valley Nature Park	North District	99,138	31,107
W58	Construction of sewers and sewage pumping station, landscape softworks, site clearance	Northern Tuen Mun	3,865	–

Project Code	Type of works	Location	2021 HK\$'000	2020 HK\$'000
Projects completed or substantially competed				
W46	Construction of sewage pumping station and associated sewerage	Tuen Mun District	856	–
W48	Construction of cycle tracks	North District and Tuen Mun District	–	261
W49	Construction of sewers and sewerage system	Tuen Mun District	10,307	70,101
W52	Remaining works of cycle tracks	North District and Tuen Mun District	57,273	126,336
W53	Construction of taxiway and connection works	Island District	–	1,826
W54	Temporary construction waste sorting facilities	Sai Kung District and Tuen Mun District	242	18,435
Total revenue			<u>390,229</u>	<u>515,560</u>

During the year ended 31 March 2021, we recognised revenue from 8 projects in total, of which one project was completed. In January 2021, we were awarded a new construction of sewers and sewage pumping station, landscape softworks, site clearance works project, Project W58, by Drainage Services Department. The revenue for the year ended 31 March 2021 was decreased as compared with last year due to decrease in revenue from Project W49, W52 and W56 in which work progress of Project W49 and W52 was substantially completed during the year and work progress of project W56 was being at the final stage of works.

The gross profit margin for the year ended 31 March 2021 was 10.1% (2020: 15.0%). Decrease in gross profit margin as compared with last year was due to lower profit margin works and orders performed by Projects W49, W52 and W56.

Other income and net gain for the year ended 31 March 2021 was amounting to approximately HK\$18.4 million (2020: HK\$4.4 million), representing an increase of 316.5% as compared with last year, which was due to increase in government and other subsidies amounting to approximately HK\$11.1 million and net gain on disposal of financial assets at fair value through profit or loss amounting to approximately HK\$5.6 million. During the year, government and other subsidies were mainly received from Employment Support Scheme and net gain on disposal of financial assets at fair value through profit or loss was derived from trading of equity securities listed in Hong Kong.

Administrative and operating expenses for the year ended 31 March 2021 were amounting to approximately HK\$24.0 million (2020: HK\$9.8 million), representing an increase of 144.9% as compared with last year, which was mainly due to increase in staff costs, consultancy fees and other listing related expenses. During the year, increase in staff costs was mainly due to increase in director's remunerations and payment of one-off bonuses to our staff. Increase in consultancy fees was mainly due to increase in fees incurred for technical proposal or/and professional advisory for submission of a number of new tenders during the year.

As at 31 March 2021, prepayments, deposit and other receivables mainly represented amounts paid for insurance and subcontracting fee prepayments, deposits and for material purchases, deposits for rental and utilities, deposits for acquisition of plant and machinery and other receivables. During the year, prepayments, deposits and other receivables increased by HK\$86.1 million which was mainly due to increase in subcontracting fee prepayments and deposits for acquisition of plant and machinery. Since the progress of the Projects W55, W56 and W57 were accelerated from the second quarter of 2020, its related contra charges paid on behalf of the subcontractors and subcontracting fee prepayments were increased in line with the accelerated progress.

## **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.

Due to the fierce competition in the market and the increased technical requirements by the clients for bidding projects, it has become difficult and progressively more difficult to successfully win bids for projects. The net proceeds from fund raising will be utilised by the Group to hire additional relevant professional staff to enhance its ability to cope with the bidding for new projects, and at the same time, the Group will also enhance its capital liquidity through various means such as bank financing, so as to enhance the Group's bidding advantages and capabilities and strive for more successful bids for projects.

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, we will continue submitting tenders for civil engineering works in order to replenish the revenue from the substantial completed or completed projects. In the meantime, the Group will also explore various chances in construction industry to create greater value for shareholders.

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

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

As at 31 March 2021, the Group had cash and cash equivalents of approximately HK\$74.9 million (2020: approximately HK\$172.2 million) and pledged bank deposit of approximately HK\$6.6 million (2020: approximately HK\$8.3 million). The decrease of approximately HK\$97.3 million in cash and cash equivalents was mainly attributable to dividends payment of HK\$10 million, purchases of property, plant and equipment of approximately HK\$21.7 million and increase of prepayments, deposit and other receivables. All of the bank balances were placed with banks in Hong Kong and are denominated in Hong Kong dollars. As at 31 March 2021, the Group had not experienced any liquidity problems in settling its payables in the normal course of business.

There has been no change in the capital structure of the Company during the year ended 31 March 2021. The capital of the Group only comprises of ordinary shares. As at 31 March 2021, 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 2021, the Group's gearing ratio was approximately 0.2% (2020: approximately 0.5%). 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 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 2021 and 2020.

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

As at 31 March 2021, the Group did not have any significant investments. Save as those disclosed in the prospectus of the Company dated 28 February 2020 (the "**Prospectus**"), 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 2021.

## **PLEDGE OF ASSETS**

As at 31 March 2021, the Group pledged its bank deposits of approximately HK\$6.6 million (2020: approximately HK\$8.3 million) as securities for the Group's banking facilities (including letter of credit, bank overdrafts and performance bonds).

## **CONTINGENT LIABILITIES**

As at 31 March 2021 and 2020, the Group did not have any material contingent liabilities.

## **CAPITAL COMMITMENTS**

As at 31 March 2021 and 2020, the Group did not have any material capital commitments.

## **EMPLOYEE AND REMUNERATION POLICY**

As at 31 March 2021, the Group had a total of 230 employees (2020: 274) who were directly employed by the Group in Hong Kong. The staff costs, including Directors' emoluments, of the Group amounted to approximately HK\$86.5 million for the year ended 31 March 2021 (2020: approximately HK\$86.0 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 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 2021, the Group has utilised approximately HK\$65.2 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 2021, the net proceeds had been utilised as follows:

<b>Intended use of net proceeds as stated in the Prospectus</b>	<b>Net proceeds available <i>HK\$ million</i></b>	<b>Utilised amount as at 31 March 2021 <i>HK\$ million</i></b>	<b>Unutilised amount as at 31 March 2021 <i>HK\$ million</i></b>
Acquisition of additional plant and machinery	58.3	46.8	11.5
Recruitment and retiring additional staff	3.4	1.2	2.2
Costs for upgrading information technology system	2.9	2.0	0.9
Additional working capital	15.2	15.2	–
Total	<u>79.8</u>	<u>65.2</u>	<u>14.6</u>

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

## **FINAL DIVIDEND**

The Board did not recommend the payment of a final dividend for the year ended 31 March 2021 (2020: a final dividend of HK\$0.01 per share, amounting to HK\$10 million).

## **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, 3 September 2021 ("AGM"), the register of members of the Company will be closed from Tuesday, 31 August 2021 to Friday, 3 September 2021, both dates inclusive, during which period no transfer of shares will be registered. In order to be eligible to attend and vote at the AGM, all share transfer documents, accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration no later than 4:30 p.m. on Monday, 30 August 2021.

## **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 2021.

## **LITIGATION**

As at the date of this announcement, saved for one common law personal injury legal proceedings, all of the claims brought against the Group have been settled.

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

## CORPORATE GOVERNANCE PRACTICES

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

Throughout the year ended 31 March 2021, the Company has complied with the code provisions of the CG Code except for the deviations from code provisions A.6.7 and C.1.2.

Under code provision A.6.7 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. Zhang Senquan, the independent non-executive Director, was unable to attend the annual general meeting of the Company held on 4 September 2020 due to sickness. Other non-executive Director and independent non-executive Directors had attended the annual general meeting to ensure effective communication with the shareholders of the Company.

Under code provision C.1.2 of the CG Code, the management should provide all members of the Board with monthly updates giving balanced and understandable assessment of the Company’s performance, position and prospects in sufficient details. During the year ended 31 March 2021, the management of the Company provided to the Board interim updates with consolidated financial statement of the Company’s performance, position and prospects in sufficient details during regular Board meetings of the Company. In addition, the management has provided all members of the Board updates on any material changes to the performance, position and prospects of the Company and sufficient information for matters brought before the Board.

## **COMPLIANCE WITH THE MODEL CODE FOR DIRECTORS’ SECURITIES TRANSACTIONS**

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

The Company has made specific enquiries to all the Directors and all the Directors have confirmed their compliance with the Model Code during the year ended 31 March 2021. In addition, the Company is not aware of any non-compliance of the Model Code by the senior management of the Company during the year ended 31 March 2021.

## **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 2021 as set out in this announcement have been agreed by the Group’s auditor, HLB Hodgson Impey Cheng Limited, to the amounts set out in the Group’s audited consolidated financial statements for the year. The work performed by HLB Hodgson Impey Cheng Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by HLB Hodgson Impey Cheng Limited on this announcement.

## **AUDIT COMMITTEE**

The Company has established the audit committee (the “**Audit Committee**”) with written terms of reference in compliance with the Listing Rules. The Audit Committee consists of five members, namely, Mr. Cheung Wai Kwok Gary, Prof. Leung Yee Tak, Mr. Zhang Senquan, Mr. Ho Tai Tung and Ms. Tsang Wing Kiu, all being independent non-executive Directors. Mr. Zhang Senquan is the chairman of the Audit Committee.

The Audit Committee has, inter alia, reviewed the consolidated financial statements of the Group for the year ended 31 March 2021, 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 2021 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, 30 June 2021

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