

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

Kin Shing Holdings Limited
建成控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 1630)

CONTINUING CONNECTED TRANSACTIONS
MASTER PURCHASE AGREEMENT

THE MASTER PURCHASE AGREEMENT

On 9 October 2020, Leung Pui (an indirect wholly owned subsidiary of the Company) and King Fu entered into the Master Purchase Agreement pursuant to which Leung Pui agreed to purchase and King Fu agreed to supply tools and materials for formwork works to the Group for a term up to 31 March 2023.

LISTING RULES IMPLICATIONS

As at the date of this announcement, King Fu is owned as to 50% by Mr. Tso Kwong Wa and 50% by Ms. Wong Siu Fong, who are the brother and sister-in-law of Ms. Tso (an executive Director) respectively. Accordingly, King Fu is a connected person of the Company and the Master Purchase Agreement constitutes continuing connected transactions of the Company under the Listing Rules.

As all of the applicable percentage ratios (as defined under Chapter 14A of the Listing Rules) of the Annual Caps are less than 25% and the Annual Caps are less than HK\$10,000,000, the transactions contemplated under the Master Purchase Agreement will be subject to the requirements of reporting, annual review and announcement but are exempt from compliance with the requirements of circular (including independent financial advice) and approval by the independent Shareholders under Chapter 14A of the Listing Rules.

INTRODUCTION

Reference is made to the section headed “Connected Transactions – Non-exempt Continuing Connected Transactions” of the prospectus of the Company dated 31 May 2017 in relation to, among other things, the continuing connected transactions under the Previous Master Purchase Agreement.

THE MASTER PURCHASE AGREEMENT

As the Previous Master Purchase Agreement expired on 31 March 2020, on 9 October 2020, Leung Pui (an indirect wholly owned subsidiary of the Company) and King Fu entered into the Master Purchase Agreement pursuant to which Leung Pui agreed to purchase and King Fu agreed to supply tools and materials for formwork works to the Group for a term up to 31 March 2023.

The principal terms of the Master Purchase Agreement are set out as follows:

Date

9 October 2020 (after trading hours)

Parties

- (1) King Fu (as the supplier); and
- (2) Leung Pui (for itself and as trustee for the benefit of its subsidiaries from time to time) (as the purchaser).

Term

The Master Purchase Agreement shall, unless terminated by giving not less than 1 month prior notice in writing to the other party, expire on 31 March 2023.

Nature of the transactions

Leung Pui agreed to purchase and King Fu agreed to supply tools and materials for formwork works to the Group.

Pricing policy

The selling price of the merchandises are to be separately negotiated for each purchase by the parties based on the principles that the purchase price payable shall be determined on normal commercial terms after arm's length negotiation, and shall be no less favourable than the prevailing market price and the price offered by Independent Third Parties. The parties will have separate purchase order in respect of each purchase.

To ensure the purchase price offered by King Fu are fair and reasonable and comparable to those offered by Independent Third Parties, the Group will obtain quotation in relation to the same product type and volume from at least two other independent companies prior to entering into purchase order with King Fu so as to know the prevailing market price. The Directors consider that the above procedures can ensure that the transactions under the Master Purchase Agreement will be conducted on normal commercial terms and not prejudicial to the interests of the Company and its Shareholders.

HISTORICAL FIGURES

The Group's total purchases attributable to the purchases from King Fu were as follows:

Financial Year/Period	Historical Caps <i>HK\$ million</i>	Historical Transaction Amount <i>HK\$ million</i> <i>(approximately)</i>
From 1 April 2017 to 31 March 2018	11	9.6
From 1 April 2018 to 31 March 2019	12	12.0
From 1 April 2019 to 31 March 2020	13	5.6
From 1 April 2020 to 30 September 2020	–	2.8

As all of the applicable percentage ratios (as defined under Chapter 14A of the Listing Rules) of the total purchases attributable to the purchases from King Fu during the period from 1 April 2020 up to 30 September 2020 are less than 5% and the total consideration is less than HK\$3,000,000, the total purchases attributable to the purchases from King Fu during the period from 1 April 2020 up to 30 September 2020 is exempt continuing connected transaction of the Company under Rule 14A.76(1) of the Listing Rules, and is exempt from the reporting, annual review, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

THE PROPOSED ANNUAL CAPS

The proposed Annual Caps are as follows:

	From 1 April 2020 to 31 March 2021	From 1 April 2021 to 31 March 2022	From 1 April 2022 to 31 March 2023
Annual Caps	HK\$8,000,000	HK\$8,000,000	HK\$8,000,000

The proposed Annual Caps are determined based on (i) the historical figures; and (ii) the expected demand of the relevant merchandises by the Group from King Fu for each of the three years ending 31 March 2023.

REASONS FOR AND THE BENEFITS OF ENTERING INTO THE MASTER PURCHASE AGREEMENT

The major operating subsidiary of the Group is an established subcontractor in Hong Kong for more than 20 years. It principally provides formwork works, and from time to time order tools and raw materials from various suppliers, including King Fu, on an ongoing basis.

The Board considers that King Fu has been established in Hong Kong for 20 years and has good reputation. King Fu is a supplier of a wide variety of merchandises which include construction-related tools and materials. The Board believes that under the pricing procedures performed by Leung Pui, King Fu could offer Leung Pui a fair, reasonable and comparable purchase price to those offered by Independent Third Parties.

The decrease in the Group's purchase from King Fu during the year from 1 April 2019 to 31 March 2020 was mainly due to the facts that (i) five sizable formwork projects are at the final stage of the construction cycle; and (ii) the business environment in Hong Kong was adversely affected by the outbreak and wide spread of the novel corona virus ("COVID-19") and the measures implemented by the government, such as social distancing policies, compulsory quarantine and border control measures, have caused delays in certain formworks projects and have slowed down the construction progress. As the Group's purchase of materials is made on an "as required" basis, the material costs for the year ended 31 March 2020 decreased with the completion and delays of formworks projects. The Board is of the view that, following the recovery of the economy after the COVID-19 pandemic and with the Group's continuing efforts in diversifying the scope in different types of construction projects, the Group's revenue will gradually increase and the proposed Annual Caps are sufficient to meet the Group's purchase needs.

Therefore, the Directors (including the independent non-executive Directors) are of the view that the Master Purchase Agreement has been entered into in the ordinary and usual course of business on normal commercial terms and the terms thereof are fair and reasonable and in the interest of the Company and the Shareholders as a whole.

King Fu is owned as to 50% by Mr. Tso Kwong Wa and 50% by Ms. Wong Siu Fong, who are the brother and sister-in-law of Ms. Tso respectively, therefore King Fu is a connected person of the Company and the transactions under the Master Purchase Agreement constitute continuing connected transactions under Chapter 14A of the Listing Rules. Further, Mr. Leung, an executive Director and chairman of the Board, is the spouse of Ms. Tso. As such, Ms. Tso and Mr. Leung have abstained from voting on the resolutions of the Board approving the Master Purchase Agreement. The Board confirms that, save for Ms. Tso and Mr. Leung, none of the other Directors had any material interest in the transactions contemplated under the Master Purchase Agreement or has abstained from voting on the resolutions of the Board approving the Master Purchase Agreement.

INFORMATION ABOUT THE GROUP AND KING FU

The Group is principally engaged in the provision of formwork works with an insignificant portion from building construction works (including concrete works and finishes works).

The principal activity of King Fu is to supply a wide variety of merchandises including construction-related tools and materials. King Fu is owned as to 50% by Mr. Tso Kwong Wa and 50% by Ms. Wong Siu Fong, who are the brother and sister-in-law of Ms. Tso (an executive Director) respectively.

IMPLICATIONS UNDER THE LISTING RULES

As at the date of this announcement, King Fu is owned as to 50% by Mr. Tso Kwong Wa and 50% by Ms. Wong Siu Fong, who are the brother and sister-in-law of Ms. Tso (an executive Director) respectively. Accordingly, King Fu is a connected person of the Company and the Master Purchase Agreement constitutes continuing connected transactions of the Company under the Listing Rules.

As all of the applicable percentage ratios (as defined under Chapter 14A of the Listing Rules) of the Annual Caps are less than 25% and the Annual Caps are less than HK\$10,000,000, the transactions contemplated under the Master Purchase Agreement will be subject to the requirements of reporting, annual review and announcement but are exempt from compliance with the requirements of circular (including independent financial advice) and approval by the independent Shareholders under Chapter 14A of the Listing Rules.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following words and phrases have the following meanings:

“Annual Caps”	the anticipated maximum aggregate annual cap of the amounts payable/committed for the Master Purchase Agreement for the three financial years ending 31 March 2023 as described under the heading of “The Proposed Annual Caps” in this announcement
“Board”	the board of Directors
“Company”	Kin Shing Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Stock Exchange (stock code: 1630)
“connected person(s)”	has the meaning ascribed to it in the Listing Rules

“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	individual(s) or company(ies) who or which is/are independent of and not connected with (within the meaning of the Listing Rules) any of the directors, chief executive and substantial shareholders (within the meaning of the Listing Rules) of the Company, its subsidiaries or any of their respective associates
“King Fu”	King Fu Plastic Products Limited, a company with limited liability incorporated in Hong Kong
“Leung Pui”	Leung Pui Form Mould & Engineering Company Limited, a subsidiary of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Master Purchase Agreement”	the master agreement dated 9 October 2020 entered into between King Fu and Leung Pui in respect of the supply of tools and raw materials
“Mr. Leung”	Mr. Leung Chi Kit, an executive Director and chairman of the Board
“Ms. Tso”	Ms. Tso Yuk Ching, an executive Director
“Previous Master Purchase Agreement”	the master agreement dated 23 May 2017 entered into between King Fu and Leung Pui in respect of the supply of tools and raw materials
“Shareholder(s)”	the holder(s) of the Shares
“Shares”	ordinary shares in the issued share capital of the Company

“Stock Exchange”

The Stock Exchange of Hong Kong Limited

“%”

per cent.

By order of the Board
Kin Shing Holdings Limited
Leung Chi Kit
Chairman and Executive Director

Hong Kong, 9 October 2020

As at the date of this announcement, Mr. Leung, Ms. Tso, Mr. Chow Dik Cheung, Mr. Chan Sik Mau and Mr. Chiu Sin Nang Kenny are the Executive Directors; and Mr. Chang Chun Pong, Mr. Tsui Leung Cho and Mr. Lam Kai Yeung are the Independent Non-executive Directors.