Kin Shing Holdings Limited
建成控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 1630)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 MARCH 2018

The board of directors (the "**Board**") of Kin Shing Holdings Limited (the "**Company**") is pleased to announce the consolidated results of the Company and its subsidiaries (the "**Group**") for the year ended 31 March 2018 together with comparative figures in 2017 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2018

	Notes	**2018** *HK$'000*	2017 *HK$'000*
Revenue	4	**576,856**	770,159
Direct costs		**(513,545)**	(662,461)
Gross profit		**63,311**	107,698
Other income	5	**959**	1,247
Other gain/(loss)	6	**13**	(15)
Administrative expenses		**(30,645)**	(24,550)
Share of loss of a joint venture		**(5)**	–
Finance costs	7	**(973)**	(291)
Profit before tax		**32,660**	84,089
Income tax expense	8	**(5,380)**	(16,518)
Profit and total comprehensive income for the year	9	**27,280**	67,571
Profit and total comprehensive income for the year attributable to owners of the Company		**27,280**	67,571
Earnings per share	10		
– Basic *(HK cents)*		**1.89**	5.43

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 March 2018

	Notes	2018 HK$'000	2017 HK$'000
Non-current assets			
Property, plant and equipment		**19,424**	11,188
Investment in a joint venture		**–**	–
Deposits for acquisition of property, plant and equipment		**297**	–
Deferred tax assets		**4,353**	4,883
		24,074	16,071
Current assets			
Trade and other receivables	12	**108,063**	124,950
Amounts due from customers for contract work		**89,861**	54,549
Tax recoverable		**9,735**	–
Bank balances and cash		**92,438**	38,940
		300,097	218,439
Total assets		**324,171**	234,510
Current liabilities			
Trade and other payables	13	**67,897**	85,548
Amounts due to customers for contract work		**6,658**	22,625
Amount due to ultimate holding company		**–**	150
Amount due to a joint venture		**5**	–
Amount due to a director		**–**	105
Bank borrowings		**41,712**	27,527
Tax payable		**1,333**	10,869
		117,605	146,824
Net current assets		**182,492**	71,615
Total assets less current liabilities		**206,566**	87,686
Non-current liabilities			
Deferred tax liabilities		**1,972**	1,066
Net assets		**204,594**	86,620
Capital and reserves			
Share capital	14	**15,000**	–
Reserves		**189,594**	86,620
Total equity		**204,594**	86,620

NOTES

1. GENERAL INFORMATION

The Company was incorporated as an exempted company with limited liability in the Cayman Islands on 6 April 2016. Its parent and ultimate holding company is Five Continental Enterprise Limited ("**Five Continental**"), a company incorporated in the British Virgin Islands and controlled by Mr. Leung Chi Kit, Mr. Chow Siu Yu and Ms. Tso Yuk Ching (the "**Controlling Shareholders**"). The Company's shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 16 June 2017.

The Group is principally engaged in the provision of formwork works and building construction works.

The consolidated financial statements are presented in Hong Kong dollars ("**HK$**"), which is also the functional currency of the Company.

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

Pursuant to a group reorganisation (the "**Reorganisation**"), the Company became the holding company of the companies now comprising the Group on 27 May 2016. The Company and its subsidiaries have been under the common control of the Controlling Shareholders throughout the year ended 31 March 2017 or since their respective dates of incorporation where this is a shorter period. The consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year ended 31 March 2017 include the results, changes in equity and cash flows of the companies now comprising the Group as if the group structure under the Reorganisation had been in existence throughout the year ended 31 March 2017 or since their respective dates of incorporation where this is a shorter period.

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

The Group has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") for the first time in the current year:

Amendments to HKAS 7	Disclosure Initiative
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses
Amendments to HKFRS 12	As part of the Annual Improvements to HKFRSs 2014–2016 Cycle

Except as described below, the application of the amendments to HKFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in the consolidated financial statements.

Amendments to HKAS 7 Disclosure Initiative

The Group has applied these amendments for the first time in the current year. The amendments require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both cash and non-cash changes. In addition, the amendments also require disclosures on changes in financial assets if cash flows from those financial assets were, or future cash flows will be, included in cash flows from financing activities.

Specifically, the amendments require the following to be disclosed: (i) changes from financing cash flows; (ii) changes arising from obtaining or losing control of subsidiaries or other businesses; (iii) the effect of changes in foreign exchange rates; (iv) changes in fair values; and (v) other changes.

Apart from the additional disclosure, the application of these amendments has had no impact on the Group's consolidated financial statements.

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective:

HKFRS 9	Financial Instruments[1]
HKFRS 15	Revenue from Contracts with Customers and the Related Amendments[1]
HKFRS 16	Leases[2]
HKFRS 17	Insurance Contracts[4]
HK(IFRIC) – Int 22	Foreign Currency Transactions and Advance Consideration[1]
HK(IFRIC) – Int 23	Uncertainty over Income Tax Treatments[2]
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions[1]
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts[1]
Amendments to HKFRS 9	Prepayment Features with Negative Compensation[2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement[2]
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures[2]
Amendments to HKAS 40	Transfers of Investment Property[1]
Amendments to HKAS 28	As part of the Annual Improvements to HKFRSs 2014–2016 Cycle[1]
Amendments to HKFRS 1	As part of the Annual Improvements to HKFRSs 2014–2016 Cycle[1]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015–2017 Cycle[2]

[1] Effective for annual periods beginning on or after 1 January 2018.

[2] Effective for annual periods beginning on or after 1 January 2019.

[3] Effective for annual periods beginning on or after a date to be determined.

[4] Effective for annual periods beginning on or after 1 January 2021.

Except for the new and revised HKFRSs mentioned below, the directors of the Company anticipate that the application of all other new and revised HKFRSs and interpretations will have no material impact on the consolidated financial statements in the foreseeable future.

HKFRS 9 Financial Instruments

HKFRS 9 introduces new requirements for the classification and measurement of financial assets, financial liabilities, general hedge accounting and impairment requirements for financial assets.

Key requirements of HKFRS 9 which are relevant to the Group are:

- all recognised financial assets that are within the scope of HKFRS 9 are required to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are generally measured at fair value through other comprehensive income. All other financial assets are measured at their fair value at subsequent accounting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss;

- in relation to the impairment of financial assets, HKFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under HKAS 39 *Financial Instruments: Recognition and Measurement*. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

Based on the Group's financial instruments and risk management policies as at 31 March 2018, the directors of the Company anticipate the following potential impact on initial application of HKFRS 9:

Classification and measurement:

- All financial assets and financial liabilities will continue to be measured on the same bases as are currently measured under HKAS 39.

Impairment:

- In general, the directors of the Company anticipate that the application of the expected credit loss model of HKFRS 9 will result in earlier provision of credit losses which are not yet incurred in relation to the Group's financial assets measured at amortised costs and other items that are subject to the impairment provisions upon application of HKFRS 9 by the Group.

- Based on the assessment by the directors of the Company, they anticipate that the application of the expected credit loss model of HKFRS 9 will have no material impacts on the results and the financial position of the Group.

HKFRS 15 Revenue from Contracts with Customers

HKFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. HKFRS 15 will supersede the current revenue recognition guidance including HKAS 18 *Revenue*, HKAS 11 *Construction Contracts* and the related interpretations when it becomes effective.

The core principle of HKFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange of those goods or services. Specifically, the standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under HKFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added to HKFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by HKFRS 15.

In 2016, the HKICPA issued Clarifications to HKFRS 15 in relation to the identification of performance obligations, principal versus agent considerations, as well as licensing application guidance.

As regards the construction contracts, the directors specifically consider HKFRS 15's guidance on contract combinations, contract modifications arising from variation orders, variable consideration, and the assessment of whether there is significant financing component in the contracts, particularly taking into account the reason for the difference in timing between the transfer of control of goods and services to customers and timing of related payments. The directors have assessed that performance obligation is satisfied over time, therefore revenue from these construction contracts should be recognised over time during the course of construction by the Group. Furthermore, the directors consider that the output method currently used to measure the progress towards complete satisfaction of these performance obligations will continue to be appropriate under HKFRS 15. However, the directors are assessing whether the current accounting policy adopted by the Group in recognising the construction costs charged to profit or loss by reference to the stage of completion of the contract activity at the end of the reporting period is different from the recognition of construction costs in profit or loss based on the actual construction costs incurred under HKFRS 15's guidance and the potential financial impact.

The directors intend to use the limited retrospective method of transition to HKFRS 15. Apart from the recognition of construction costs as explained in above and providing more extensive disclosure on the Group's revenue transactions, the directors do not anticipate that the application of HKFRS 15 will have material effect on the Group's financial performance and position.

HKFRS 16 Leases

HKFRS 16 introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. HKFRS 16 will supersede HKAS 17 *Leases* and the related interpretations when it becomes effective.

HKFRS 16 distinguishes lease and service contracts on the basis of whether an identified asset is controlled by a customer. Distinctions of operating leases and finance leases are removed for lessee accounting, and is replaced by a model where a right-of-use asset and a corresponding liability have to be recognised for all leases by lessees, except for short-term leases and leases of low value assets.

The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications, amongst others. Upon application of HKFRS 16, lease payments in relation to lease liability will be allocated into a principal and an interest portion which will be presented as financing cash flows.

In contrast to lessee accounting, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17, and continues to require a lessor to classify a lease either as an operating lease or a finance lease.

Furthermore, extensive disclosures are required by HKFRS 16.

As at 31 March 2018, the Group has non-cancellable operating lease commitments of approximately HK$1,069,000. A preliminary assessment indicates that these arrangements will meet the definition of a lease. Upon application of HKFRS 16, the Group will recognise a right-of-use asset and a corresponding liability in respect of all these leases unless they qualify for low value or short-term leases.

Furthermore, the application of new requirements may result in changes in measurement, presentation and disclosure as indicated above.

4. REVENUE AND SEGMENT INFORMATION

Revenue represents an appropriate proportion of contract revenue from formwork works and building construction works.

The following is an analysis of the Group's revenue from its major services:

	2018	2017
	HK$'000	*HK$'000*
Provision of formwork works and other ancillary works	**576,856**	770,059
Provision of building construction works	**–**	100
	576,856	770,159

Information reported to the Company's Executive Directors, being the chief operating decision maker, for the purposes of resource allocation and assessment of segment performance focus on the types of services provided. The Group's reportable and operating segments under "HKFRS 8 – Operating Segments" are as follows:

1. Formwork works – Provision of formwork works and other ancillary works

2. Building construction works – Provision of building construction works

Segment revenue and results

The following is an analysis of the Group's revenue and results by reportable and operating segment.

For the year ended 31 March 2018

	Formwork works	**Building construction works**	**Total**
	HK$'000	***HK$'000***	***HK$'000***
Revenue			
External sales and segment revenue	**576,856**	**–**	**576,856**
Segment profit/(loss)	**53,339**	**(2,497)**	**50,842**
Interest income			**300**
Unallocated expenses			**(17,504)**
Share of loss of a joint venture			**(5)**
Finance costs			**(973)**
Profit before tax			**32,660**

For the year ended 31 March 2017

	Formwork works *HK$'000*	Building construction works *HK$'000*	Total *HK$'000*
Revenue			
External sales and segment revenue	770,059	100	770,159
Segment profit/(loss)	95,365	(15)	95,350
Interest income			3
Unallocated expenses			(10,973)
Finance costs			(291)
Profit before tax			84,089

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment profit/loss represents the profit earned by/loss from each segment without allocation of interest income, central administration costs, share of loss of a joint venture and finance costs. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and performance assessment.

Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by reportable and operating segment.

	2018 ***HK$'000***	2017 *HK$'000*
Segment assets		
Formwork works	**216,510**	184,919
Building construction works	**986**	3,432
Total segment assets	**217,496**	188,351
Unallocated	**106,675**	46,159
Consolidated assets	**324,171**	234,510
Segment liabilities		
Formwork works	**74,102**	107,711
Building construction works	**8**	8
Total segment liabilities	**74,110**	107,719
Unallocated	**45,467**	40,171
Consolidated liabilities	**119,577**	147,890

For the purposes of monitoring segment performances and allocating resources between segments:

- all assets are allocated to operating segments other than bank balances and cash, tax recoverable deferred tax assets, investment in a joint venture and unallocated corporate assets.

- all liabilities are allocated to operating segments other than bank borrowings, amount due to ultimate holding company, amount due to a joint venture, amount due to a director, tax payable, deferred tax liabilities and unallocated corporate liabilities.

Other segment information

For the year ended 31 March 2018

	Formwork works *HK$'000*	**Building construction works** *HK$'000*	**Total** *HK$'000*
Amounts included in the measure of segment profit or loss or segment assets:			
Additions to non-current assets	**12,661**	**–**	**12,661**
Depreciation of property, plant and equipment	**4,128**	**–**	**4,128**

For the year ended 31 March 2017

	Formwork works *HK$'000*	Building construction works *HK$'000*	Total *HK$'000*
Amounts included in the measure of segment profit or loss or segment assets:			
Additions to non-current assets	10,934	–	10,934
Depreciation of property, plant and equipment	1,761	–	1,761

Geographical information

The Group's operations are located in Hong Kong. All of the Group's revenue is derived from external customers located in Hong Kong and the Group's non-current assets are all located in Hong Kong.

Information about major customers

Revenue from customers for the corresponding years contributing over 10% of the total revenue of the Group are as follows:

	2018 *HK$'000*	2017 *HK$'000*
Customer A[1]	**245,779**	293,526
Customer B[1]	**N/A[2]**	121,815
Customer C[1]	**N/A[2]**	126,554
Customer D[1]	**85,365**	N/A[2]

1 Revenue from provision of formwork works.

2 The corresponding revenue did not contribute over 10% of the total revenue of the Group.

5. OTHER INCOME

	2018	2017
	HK$'000	*HK$'000*
Interest income from bank deposits	**284**	3
Interest income from loan receivables	**16**	–
Rental income	**158**	–
Sales of scrap materials	**68**	136
Sundry income	**433**	1,108
	959	1,247

6. OTHER GAIN/(LOSS)

	2018	2017
	HK$'000	*HK$'000*
Net foreign exchange gain/(loss)	**13**	(15)

7. FINANCE COSTS

	2018	2017
	HK$'000	*HK$'000*
Interest expense on:		
Bank loans and overdrafts	**973**	247
Obligation under finance lease	**–**	44
	973	291

8. INCOME TAX EXPENSE

	2018	2017
	HK$'000	*HK$'000*
Current tax:		
Hong Kong Profits Tax		
– Current year	**3,950**	16,542
– (Over)/Under provision in prior year	**(6)**	303
	3,944	16,845
Deferred tax:		
Origination and reversal of temporary differences	**1,436**	(327)
	5,380	16,518

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits for both years.

9. PROFIT FOR THE YEAR

Profit for the year has been arrived at after charging:

	2018	2017
	HK$'000	*HK$'000*
Directors' emoluments	**8,273**	7,658
Other staff costs	**295,588**	374,881
Contributions to retirement benefit scheme, excluding those of directors	**10,530**	12,833
Total staff costs	**314,391**	395,372
Less: Amounts charged to direct costs	**(269,139)**	(366,641)
Less: Amounts charged to administrative expenses	**(16,077)**	(13,146)
Amounts capitalised in contracts in progress	**29,175**	15,585
Depreciation of property, plant and equipment	**4,128**	1,761
Auditors' remuneration	**680**	700
Listing expenses	**4,814**	6,933

10. EARNINGS PER SHARE

The calculation of the basic earnings per share attributable to the owners of the Company is based on the following data:

	2018	2017
	HK$'000	*HK$'000*
Earnings		
Earnings for the purpose of basic earnings per share (Profit for the year attributable to owners of the Company)	**27,280**	67,571

	2018	2017
	'000	*'000*
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**1,446,904**	1,245,000

The weighted average number of ordinary shares for the purpose of basic earnings per share for the years ended 31 March 2018 and 2017 has been adjusted for the capitalisation issue on 16 June 2017 and taking into consideration the effect of the Reorganiation completed on 27 May 2016.

No diluted earnings per share for the years ended 31 March 2018 and 2017 were presented as there were no potential ordinary shares in issue for both years.

11. DIVIDENDS

During year ended 31 March 2017, the Company had declared a dividend of HK$3,000,000 to Five Continental. The rate of dividends and the number of shares ranking for dividends are not presented as such information is not meaningful.

No dividend was paid or proposed for ordinary shareholders of the Company during the year ended 31 March 2018, nor has any dividend been proposed since the end of the reporting period.

12. TRADE AND OTHER RECEIVABLES

	2018	2017
	HK$'000	*HK$'000*
Trade receivables	**69,541**	87,136
Retention money receivables	**38,055**	35,191
Prepayments		
– Prepaid listing expenses	**–**	2,336
– Others	**154**	4
Deposits and other receivables	**313**	283
	108,063	124,950

The Group does not have a standardised and universal credit period granted to its customers, and the credit period of individual customer is considered on a case-by-case basis and stipulated in the project contract, as appropriate. The following is an aging analysis of the Group's trade receivables at the end of the reporting period, presented based on the progress payment certificate date:

	2018	2017
	HK$'000	*HK$'000*
0–30 days	**39,053**	87,105
31–60 days	**15,640**	20
Over 60 days	**14,848**	11
	69,541	87,136

Included in the Group's trade receivable balance are debtors with aggregate carrying amount of approximately HK$26,846,000 (2017: HK$31,000) which is past due as at the reporting date for which the Group has not provided for impairment loss as the Group considered such balances could be recovered based on historical experience. The Group does not hold any collateral over these balances.

Aging of trade receivables which are past due but not impaired

	2018	2017
	HK$'000	*HK$'000*
Overdue by:		
1–30 days	**14,981**	20
31–60 days	**2,182**	–
Over 60 days	**9,683**	11
	26,846	31

Retention money receivables in respect of the contract work are settled in accordance with the terms of the respective contracts. The retention money receivables held by customers for contract work that are expected to be recovered or settled in more than twelve months from the end of the reporting period are as follows:

	2018	2017
	HK$'000	*HK$'000*
Retention money receivables after 1 year	**35,713**	28,674

13. TRADE AND OTHER PAYABLES

	2018	2017
	HK$'000	*HK$'000*
Trade payables	**15,652**	11,136
Advances received from customers for contract work	**10,615**	–
Accruals and other payables		
– Accrued salaries	**29,251**	35,874
– Accrued sub-contracting fee	**7,657**	24,459
– Others	**4,722**	14,079
	67,897	85,548

The following is an aging analysis of the Group's trade payables at the end of the reporting period, presented based on the invoice date:

	2018	2017
	HK$'000	*HK$'000*
0–30 days	**6,472**	4,846
31–60 days	**1,461**	3,736
61–90 days	**4,081**	1,524
Over 90 days	**3,638**	1,030
	15,652	11,136

At the end of the reporting period, the amount due to a connected party included in the Group's trade payables is as follows:

	2018	2017
	HK$'000	*HK$'000*
King Fu Plastic Products Limited ("**King Fu**")	**3,047**	2,433

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 Yuk Ching respectively.

14. SHARE CAPITAL

	Notes	**Number of shares** *'000*	**Amount** *HK$'000*
Ordinary shares of HK$0.01 each			
Authorised:			
At 6 April 2016 (date of incorporation) to 31 March 2017	(a)	39,000	390
Increase in authorised share capital	(b)	3,081,000	30,810
At 31 March 2018		**3,120,000**	**31,200**
Issued and fully paid:			
At 6 April 2016 (date of incorporation) to 31 March 2017	(a)	10	–
Issue of new shares	(c)	255,000	2,550
Capitalisation issue	(d)	1,244,990	12,450
At 31 March 2018		**1,500,000**	**15,000**

Notes:

(a) The Company was incorporated in the Cayman Islands on 6 April 2016 with an authorised share capital of HK$390,000 divided into 39,000,000 ordinary shares with a par value of HK$0.01 each. Upon incorporation, one share was allotted and issued to the subscriber, which was transferred to Five Continental at par value on the same date. On 6 April 2016, the Company further allotted and issued 9,999 ordinary shares at par value to Five Continental.

(b) On 23 May 2017, the authorised share capital of the Company increased from HK$390,000 to HK$31,200,000 by the creation of an additional 3,081,000,000 new shares of HK$0.01 each.

(c) On 16 June 2017, the Company was successfully listed on the Main Board of the Stock Exchange following the completion of its share offer of 375,000,000 shares (comprising 255,000,000 new shares and 120,000,000 sale shares) issued at a price of HK$0.38 per share.

(d) Pursuant to the written resolutions passed by the shareholder of the Company on 23 May 2017, conditional upon the share premium account of the Company being credited as a result of the listing of the Company on the Main Board of the Stock Exchange, the directors of the Company were authorised to capitalise the amount of HK$12,449,900 from the amount standing to the credit of the share premium account of the Company to pay up in full at par 1,244,990,000 shares for allotment and issue to Five Continental. The capitalisation issue has been completed on 16 June 2017.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL HIGHLIGHTS

– Revenue of the Group for the year ended 31 March 2018 amounted to approximately HK$576,856,000 (2017: approximately HK$770,159,000).

– Profit attributable to the equity shareholders of the Company for the year ended 31 March 2018 amounted to approximately HK$27,280,000 (2017: approximately HK$67,571,000).

– Basic earnings per share for the year ended 31 March 2018 amounted to approximately 1.89 HK cents (2017: approximately 5.43 HK cents).

BUSINESS REVIEW

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). Based on the materials used in the formwork works, we categorise our formwork works into (i) traditional timber formwork by using timber and plywood; and (ii) metal formwork system by using aluminium and metals. Since the listing of the Company on 16 June 2017 (the "**Listing**"), there has been no significant change in the business operations of the Group.

During the year ended 31 March 2018, the income from formwork works and building construction works was approximately HK$576,856,000 (2017: approximately HK$770,059,000) and Nil (2017: approximately HK$100,000) that contributed for approximately 100% (2017: approximately 99.99%) and Nil (2017: approximately 0.01%) of total revenue respectively.

The Group predominately engaged in erecting formworks for construction works in private residential and commercial buildings during the year ended 31 March 2018. In recent years, in order to diversify the scope in different kinds of construction projects, the Group had also engaged in formwork works for construction works in public housing. As such, the construction projects undertaken by us include both public-sector projects (including projects where the ultimate employer(s) are Government departments and statutory bodies) and private sector projects (including projects where the ultimate employer(s) are property developer(s) and land owner(s)). During the year ended 31 March 2018, the revenue generated from private sector projects accounted for approximately HK$417,729,000 (2017: approximately HK$683,065,000), representing approximately 72.4% (2017: approximately 88.7%), of the total revenue of the Group, and approximately HK$159,127,000 (2017: approximately HK$87,094,000), representing approximately 27.6% (2017: approximately 11.3%), of the total revenue of the Group were generated from public sector projects undertaken by us.

FINANCIAL REVIEW

Revenue

The business of the Group primarily focused in the Hong Kong market during the year ended 31 March 2018.

During the year ended 31 March 2018, there were 51 projects contributing revenue of approximately HK$576,856,000, whereas revenue for the corresponding period of 2017 of approximately HK$770,159,000 was contributed by 44 projects. The decrease of revenue in 2018 was mainly due to three sizable formwork projects (total latest contract amount of approximately HK$451.6 million and were being awarded to the Group during the period from October 2017 to January 2018) are at initial stage of the construction cycle, hence the revenue generated for the year ended 31 March 2018 is minimal. In addition, there were downward adjustments in the original contract sum and raise the orders of certain formwork works project as a result of revisions of the construction plans by the customers. Set out below is a breakdown of the Group's projects based on their respective revenue recognised during the year ended 31 March 2018 and 2017.

	2018 No. of projects	2017 No. of projects
Revenue recognised		
HK$100,000,001 or above	**–**	1
HK$50,000,001 to HK$100,000,000	**2**	2
HK$10,000,001 to HK$50,000,000	**16**	22
HK$1,000,000 to HK$10,000,000	**20**	11
Below HK$1,000,000	**13**	8
	51	44

Gross profit and gross profit margin

During the year ended 31 March 2018, the Group's gross profit decreased by approximately HK$44,387,000 or approximately 41.2% from approximately HK$107,698,000 for the year ended 31 March 2017 to approximately HK$63,311,000 for the year ended 31 March 2018. The decrease in gross profit was mainly resulted from keen competition for newly awarded formwork works contracts in the market and the details are set out in the section headed "Revenue" above.

The Group's gross profit margin decreased from approximately 14.0% for the year ended 31 March 2017 to approximately 11.0% for the year ended 31 March 2018. The decrease in the gross profit margin was mainly resulted from the increase of direct staff cost and subcontracting fees in several projects due to unexpected delay in commencement of certain formwork works projects which prolonged the duration of the construction programmes, the additional costs caused by the unexpected changes to on-site arrangements and the decrease in the gross profit margin of newly awarded formworks works contracts.

Other income

Other income decreased by approximately HK$288,000 from approximately HK$1,247,000 for the year ended 31 March 2017 to approximately HK$959,000 for the year ended 31 March 2018, representing a decrease of approximately 23.1%. Such decrease was mainly attributable to the decrease in extraordinary income.

Other gain/loss

Other gain increased by approximately HK$28,000 from other loss approximately HK$15,000 for the year ended 31 March 2017 to other gain approximately HK$13,000 for the year ended 31 March 2018, representing an increase of approximately 186.7%. Such increase was mainly attributable to the net foreign exchange gain incurred during the year ended 31 March 2018.

Administrative expenses

Administrative expenses increased from approximately HK$24,550,000 for the year ended 31 March 2017 to approximately HK$30,645,000 for the year ended 31 March 2018, representing an increase of approximately 24.8%. Such increase was mainly attributable to increase in staff costs (mainly due to the increase in remuneration and staff benefits), professional fees subsequent to the listing of the Company's ordinary shares on the Main Board; and non-recruiting marketing expenses. Staff costs of approximately HK$16,077,000 were recorded for the year ended 31 March 2018 compared to approximately HK$13,146,000 for the year ended 31 March 2017.

Finance costs

Finance costs increased from approximately HK$291,000 for the year ended 31 March 2017 to approxim1ately HK$973,000 for the year ended 31 March 2018, representing an increase of approximately 234.4%. Such increase was mainly attributable to the increase in interest expense on new bank loan drawdowns during the year ended 31 March 2018.

Income tax

Income tax expenses decreased to approximately HK$5,380,000 for the year ended 31 March 2018 compared to approximately HK$16,518,000 for the year ended 31 March 2017. Such decrease was mainly due to the decrease in assessable profits and non-deductible expenses (i.e. listing expenses) during the year ended 31 March 2018. The Group’s effective tax rate was approximately 19.6% for the year ended 31 March 2017 and 16.5% for the year ended 31 March 2018.

Profit attributable to the equity shareholders of the Company

As a result of the foregoing, the profit attributable to the equity shareholders of the Company amounted to approximately HK$27,280,000 for the year ended 31 March 2018 as compared to approximately HK$67,571,000 for the year ended 31 March 2017.

CORPORATE FINANCE AND RISK MANAGEMENT

Liquidity and financial resources

As at 31 March 2018, the Group had unpledged bank balances and cash of approximately HK$92,438,000 as compared with approximately HK$38,940,000 as at 31 March 2017. The significant increase was mainly due to the receipt of approximately HK$75.0 million from the Listing. During the year ended 31 March 2018, the Group recorded a net operating cash outflow as a result of, among other factors, the following reasons:

(1) Longer credit period granted to certain new customers. Our Group's trade receivables turnover days increased from 27 days for the year ended 31 March 2017 to 50 days for the year ended 31 March 2018 by approximately 85.2% with credit periods up to 60 days granted to certain new customers.

(2) The amount of retention money receivables increased from approximately HK$35,191,000 as at 31 March 2017 to approximately HK$38,055,000 as at 31 March 2018. The increase was due to the request of certain new customers who requested approximately 5% to 10% of the certified amount of a project as retention money where there was no such request from a major customer in the past few years. Our group's collection period of trade receivables and retention money receivables was 73 days for the year ended 31 March 2018 whereas its collection period was 39 days for the year ended 31 March 2017.

(3) Longer period of certifying interim payments by customers at the final stage of construction projects. During the year ended 31 March 2018, there were around 21 projects which were completed or substantially completed but pending certification of final accounts or interim payments. Based on the industry practice and past experience, sometimes, it may take several years from the completion of a construction project before the Company can receive the final certification of payment.

The bank borrowings of the Group as at 31 March 2018 was approximately HK$41,712,000 (2017: approximately HK$27,527,000). The gearing ratio is calculated based on the amount of the total debts, which include bank borrowings, amount due to a director, amount due to the ultimate holding company and amount due to a joint venture, divided by the total equity. The gearing ratio of the Group as at 31 March 2018 is approximately 20.4% (2017: approximately 32.1%).

Funding and treasury policy

The Group maintains a prudent funding and treasury policy. Surplus funds are maintained in the form of cash deposits with licensed banks. To manage liquidity risk, the Board of Directors closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and other commitments can meet its funding requirements from time to time.

Pledge of assets

As at 31 March 2018, the variable-rate bank borrowings were secured by charge over the Group's trade receivables and retention money receivables with an aggregate amount of approximately HK$106,736,000.

Material acquisitions and disposals of subsidiaries, associates and joint ventures

Other than the formation of a joint venture as disclosed in announcement dated 6 March 2018, the Group had no material acquisitions or disposals of subsidiaries, associates and joint ventures during the year ended 31 March 2018.

Capital commitments

As at 31 March 2018, the Group had approximately HK$1,462,000 of off-balance sheet capital commitments in respect of the acquisition of property, plant and equipment.

Contingent liabilities

As at 31 March 2018, the Group had no material contingent liabilities.

Foreign Exchange Risk

The Group mainly operates in Hong Kong and majority of the operating transactions such as revenue, expenses, monetary assets and liabilities are denominated in Hong Kong dollars. As such, the Directors are of the view that the Group's risk in foreign exchange is insignificant and that we should have sufficient resources to meet foreign exchange requirements as and if they arise. Therefore, the Group did not engaged in any derivative contracts to hedge its exposure to foreign exchange risk during the year ended 31 March 2018.

Principal risk and uncertainty

The Group's operation is subject to general economic and market risks which may affect the competition and profitability of construction projects. The Group's key risk exposures are summarised as follows:

1. The Group's revenue is substantially derived from projects which are non-recurrent in nature, and there is no guarantee that the customers will provide us with new business or that we can secure new contracts.

2. The Group determines the contract price based on the estimated time and costs involved in the project. Inaccurate estimation or ineffective cost management may adversely affect the Group's financial results.

3. Any significant increase in construction material costs and/or the occurrence of any substandard construction materials may have adverse impacts on the financial results of the Group.

4. Construction litigation and disputes may adversely affect the Group's performance.

5. The Group's liquidity position may be adversely affected if the progress payment or the retention money is not paid or released to the Group on time or in full or the construction project cash flows are fluctuated.

For other risks and uncertainties facing the Group, please refer to the section headed "Risks Factors" in the Prospectus dated 31 May 2017 published by the Company.

RELATIONSHIPS WITH EMPLOYEES, CUSTOMERS AND SUPPLIERS

The Directors recognise that employees, customers and business partners are the keys to the sustainable development of the Group. The Group recognises the importance of maintaining good relationships with employees, business partners, customers, suppliers and sub-contractors to achieve its long-term business growth and development. Accordingly, the Group keeps good communications and shares business updates with them when appropriate.

The Group has provided our major customers formwork works for many years. Main contractors tend to select their subcontractors based on reputation, proven high-quality work and on-time project completion track records. Moreover, maintaining good customer relationships provides more opportunities and higher chances to (i) be invited for and (ii) win tenders. The Group considers that the long-term relationship with some of the major customers reinforces the Group as one of the preferred subcontractors to their projects. In particular, some of the customers with long-term relationship are wholly-owned subsidiaries of public companies listed on the Main Board and are long-established property developers or contractors in Hong Kong. The Directors believe that satisfactory completion of previous works on a timely basis enables us to maintain a continuous business relationship with these customers.

On the other hand, the Group keeps a pre-approved list of suppliers and a list of pre-approved subcontractors. These subcontractors possess the relevant qualifications and/or relevant experience, and certain subcontractors and suppliers have been our subcontractors and suppliers for many years. The Directors believe that our stable relationship with the subcontractors and/or suppliers facilitates (i) a smooth delivery of good quality materials and/or services to the Group; (ii) a favourable bargaining position for purchase of materials with relatively stable price and terms; and (iii) the availability of supplies throughout the entire project period, which is crucial to the Group's day-to-day operations and future business development.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 March 2018, the Group employed 1,089 employees in Hong Kong (2017: 1,310 employees). Remuneration packages are reviewed based on their performance, experience and the prevailing industry practice. The Group may pay a discretionary bonus to its employees based on individual performance in recognition of their contribution and hard work. In addition to salary payments and discretionary bonuses, the Group also provides the eligible staff other employment benefits, provident fund and educational subsidies. The total remuneration cost incurred by the Group for the year ended 31 March 2018 was approximately HK$314,391,000 compared to approximately HK$395,372,000 for the year ended 31 March 2017.

USE OF PROCEEDS FROM THE COMPANY'S INITIAL PUBLIC OFFERING

The shares of the Company have been listed and traded on the Main Board of the Stock Exchange since 16 June 2017. The estimated net proceeds from the Listing amounted to approximately HK$75.6 million as disclosed in the "Announcement of Offer Price and Allocation Results" (the "**Announcement**") dated 15 June 2017.

On 30 November 2017, the Board resolved to adjust the use of proceeds to approximately HK$75.0 million (after deducting underwriting fees and commissions and all related expenses) in the same manner and in the same proportion to the use of proceeds as shown the Announcement. The utilisation of net proceeds raised by the Group from the Listing up to 31 March 2018 is as below.

	Estimated net proceeds *HK$ million*	Adjusted use of proceeds *HK$ million*	Amount utilised up to 31 March 2018 *HK$ million*	Unutilised balance up to 31 March 2018 *HK$ million*
Acquire additional machineries and equipment	33.0	32.8	12.4	20.4
Purchase aluminium formwork systems	21.5	21.3	–	21.3
Invest in human resources	9.7	9.6	1.6	8.0
Additional rental expense for leasing of a warehouse	4.3	4.3	–	4.3
General working capital	7.1	7.0	4.6	2.4
Total	75.6	75.0	18.6	56.4

The unused amount of the net proceeds of approximately HK$56.4 million has been deposited into licensed banks in Hong Kong.

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group considers that a stringent quality assurance system and strong commitment to work's quality, safety, occupational health and environmental management are crucial in delivering quality works to the customers on a timely basis. Therefore, the Group has implemented a stringent management system to regulate the work's quality, safety and environmental management standards, which comply with international standards. During the year 31 March 2018, the Group has satisfied the requirements of ISO 9001:2008, ISO 14001:2004 and OHSAS 18001:2007 accreditation for the quality management system, environmental management system and occupational safety and health management system respectively.

During the year ended 31 March 2018, there is no material breach of or non-compliance with applicable laws and regulations by the Group in respect of environmental issues that have significant impact on the business and operations of the Group.

COMPLIANCE WITH LAWS AND REGULATIONS

During the year ended 31 March 2018, the Group was fined for a total sum of HK$91,000 in respect of 2 summonses for violation of certain regulations under the Construction Sites (Safety) Regulations and Factories and Industrial Undertakings (Safety Management) Regulations.

The Directors consider that these violations are independent and isolated incidents. During the year ended 31 March 2018, save as disclosed above or otherwise in this announcement, the Group has complied with all applicable laws and regulations in Hong Kong in all material aspects for the business operation of the Group. During the year ended 31 March 2018, the Group has also obtained all the licenses, permits or certificates which are necessary to conduct its business operation in Hong Kong.

FINAL DIVIDEND

The board does not recommend the payment of final dividend for the year ended 31 March 2018.

CLOSURE OF REGISTER OF MEMBERS

The annual general meeting of the Company is scheduled to be held on Tuesday, 31 July 2018. For determining the entitlement to attend and vote at the annual general meeting, the register of members of the Company will be closed from Wednesday, 25 July 2018 to Tuesday, 31 July 2018 (both days inclusive), during which period no share transfers will be registered. In order to be eligible to attend and vote at the annual general meeting, all transfer forms accompanied by relevant share certificates must be lodged with Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong by no later than 4:30 p.m. on Tuesday, 24 July 2018.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SECURITIES

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's securities since the Listing.

CORPORATE GOVERNANCE

Model Code for Securities Transactions by Directors

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuer (the "**Model Code**") set out in Appendix 10 of the Listing Rules. All Directors of the Company have confirmed that they have complied with the required standard set out in the Model Code throughout the year ended 31 March 2018.

Compliance with the Code on Corporate Governance Practices

In the opinion of the Directors, the Company has complied with all relevant code provisions of the Corporate Governance Code (the "**CG Code**") as set out in Appendix 14 to the Listing Rules during the year.

Details of the Company's corporate governance policies and practices will be discussed in the Company's 2018 annual report.

AUDIT COMMITTEE

The Company established the Audit Committee on 23 May 2017 in compliance with the CG Code. As at the date of this announcement, the Audit Committee consists of three Independent Non-executive Directors, namely, Mr. Lam Kai Yeung, Mr. Chang Chun Pong and Mr. Tsui Leung Cho. Mr. Lam Kai Yeung is the chairman of the Audit Committee.

The Audit Committee has reviewed with the management of the Company the accounting principles and policies adopted by the Group, and the financial information of the Group and the annual results announcement of the Company for the year ended 31 March 2018.

SCOPE OF WORK OF HLB HODGSON IMPEY CHENG LIMITED

The figures in respect of the Group's consolidated statement of financial position as at 31 March 2018, and the consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 March 2018 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 information for the year ended 31 March 2018. 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.

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This announcement will be published on the respective websites of Hong Kong Exchanges and Clearing Limited (www.hkexnews.hk) and the Company's website (www.kinshingholdings.com.hk). The annual report for the year ended 31 March 2018 containing all the information required by the Listing Rules will be published on the websites of the Company and Hong Kong Exchanges and Clearing Limited and despatched to the shareholders in due course.

APPRECIATION

On behalf of the Board, I would like to take this opportunity to express my sincere gratitude to our management and staff members for their commitment and contribution, and to all our shareholders, customers, subcontractors, suppliers and business partners for their endless support, and to the growth of the Group.

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

Hong Kong, 27 June 2018

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