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)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 MARCH 2017

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 2017 together with comparative figures in 2016 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2017

	Notes	**2017** *HK$'000*	2016 *HK$'000*
Revenue	4	**770,159**	599,354
Direct costs		**(662,461)**	(529,265)
Gross profit		**107,698**	70,089
Other income	5	**1,247**	882
Other losses	6	**(15)**	(11)
Administrative expenses		**(24,550)**	(15,635)
Finance costs	7	**(291)**	(221)
Profit before tax		**84,089**	55,104
Income tax expense	8	**(16,518)**	(8,949)
Profit and total comprehensive income for the year	9	**67,571**	46,155
Profit and total comprehensive income for the year attributable to owners of the Company		**67,571**	46,155
Earnings per share – Basic (HK cents)	10	**5.43**	3.71

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2017

	Notes	**2017** **HK$'000**	2016 *HK$'000*
Non-current assets			
Property, plant and equipment		**11,188**	2,015
Deferred tax assets		**4,883**	3,490
		16,071	5,505
Current assets			
Trade and other receivables	12	**124,950**	43,416
Amounts due from customers for contract work		**54,549**	44,678
Amount due from a related company		**–**	7,235
Bank balances and cash		**38,940**	40,209
		218,439	135,538
Total assets		**234,510**	141,043
Current liabilities			
Trade and other payables	13	**85,548**	64,510
Amounts due to customers for contract work		**22,625**	30,542
Amount due to ultimate holding company		**150**	–
Amounts due to directors		**105**	2,954
Obligation under finance lease		**–**	240
Bank borrowings		**27,527**	7,235
Tax payable		**10,869**	12,686
		146,824	118,167
Net current assets		**71,615**	17,371
Total assets less current liabilities		**87,686**	22,876
Non-current liabilities			
Obligation under finance lease		**–**	827
Deferred tax liabilities		**1,066**	–
		1,066	827
Net assets		**86,620**	22,049
Capital and reserves			
Share capital	14	**–**	140
Reserves		**86,620**	21,909
Total equity		**86,620**	22,049

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. The addresses of the registered office and the principal place of business of the Company are P.O. Box 1350, Clifton House, 75 Fort Street, Grand Cayman, KY1-1108, Cayman Islands and Unit D, 9/F, Billion Plaza 2, 10 Cheung Yue Street, Cheung Sha Wan, Kowloon, Hong Kong, respectively.

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

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

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

To rationalise the corporate structure in preparation for the Listing on the Main Board of the Stock Exchange, the entities comprising the Group underwent a reorganisation (the "**Reorganisation**") which mainly involved (i) incorporation of the Company as an exempted company with limited liability in the Cayman Islands on 6 April 2016 and (ii) interspersing investment holding companies, including the Company, between the operating subsidiaries and the ultimate equity shareholders, Mr. Leung Chi Kit, Mr. Chow Siu Yu and Ms. Tso Yuk Ching (the "**Controlling Shareholders**"). Upon completion of the Reorganisation, the Company became the holding company of the Group on 27 May 2016.

The Company and its subsidiaries have been under the common control of the Controlling Shareholders throughout the two years ended 31 March 2017 before and after the Reorganisation. Accordingly, the consolidated financial statements has been prepared under the principles of merger accounting in accordance with Accounting Guideline 5 "Merger Accounting for Common Control Combinations" issued by the HKICPA. The consolidated statements of profit or loss and other comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows of the Group for the two years ended 31 March 2017 includes the results, changes in equity and cash flows of the companies now comprising the Group as if the current group structure had been in existence throughout the two years ended 31 March 2017. The consolidated statement of financial position of the Group as at 31 March 2016 have been prepared to present the assets and liabilities of the companies now comprising the Group as if the current group structure had been in existence at that date.

3. APPLICATION OF NEW AND AMENDMENTS TO 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 (the "**HKICPA**") for the first time in the current year:

Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations
Amendments to Hong Kong Accounting Standard ("**HKAS**") 1	Disclosure Initiative
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012–2014 Cycle

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.

The Group has not early applied the following new and amendments to 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[3]
Amendments to HKAS 7	Disclosure Initiative[4]
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses[4]
Amendments to HKAS 40	Transfers of Investment Property[1]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[2]
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transaction[1]
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts[1]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2014–2016 Cycle5
HK(IFRIC) – Int 22	Foreign Currency Transactions and Advance Consideration[1]

1 Effective for annual periods beginning on or after 1 January 2018
2 Effective for annual periods beginning on or after a date to be determined
3 Effective for annual periods beginning on or after 1 January 2019
4 Effective for annual periods beginning on or after 1 January 2017
5 Effective for annual periods beginning on or after 1 January 2017 or 1 January 2018, as appropriate

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.

The directors of the Company do not expect the adoption of HKFRS 15 would result in significant impact on the amounts reported on the Group's consolidated financial statements. However, there will be additional qualitative and quantitative disclosures upon the adoption of HKFRS 15.

HKFRS 16 Leases

HKFRS 16, which upon the effective date will supersede HKAS 17 *Leases*, introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than twelve months, unless the underlying asset is of low value. Specifically, under HKFRS 16, a lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. Accordingly, a lessee should recognise depreciation of the right-of-use asset and interest on the lease liability, and also classifies cash repayments of the lease liability into a principal portion and an interest portion and presents them in the statement of cash flows. Also, the right-of-use asset and the lease liability are initially measured on a present value basis. The measurement includes non-cancellable lease payments and also includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease, or not to exercise an option to terminate the lease. This accounting treatment is significantly different from the lessee accounting for leases that are classified as operating leases under HKAS 17.

In respect of the lessor accounting, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

The total operating lease commitment of the Group as at 31 March 2017 amounted to approximately HK$93,000. The directors of the Company do not expect the adoption of HKFRS 16 would result in significant impact on the Group's financial performance, but it is expected that certain portion of the lease commitments will be required to be recognised in the consolidated statement of financial position as right-of-use assets and lease liabilities.

The directors of the Company anticipate that the application of the other new and amendments to HKFRSs will have no material impact on the consolidated financial statements.

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:

	2017	2016
	HK$'000	*HK$'000*
Provision of formwork works	**770,059**	598,480
Provision of building construction works	**100**	874
	770,159	599,354

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

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 2017

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

For the year ended 31 March 2016

	Formwork works	Building construction works	Eliminations	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Revenue				
External sales	598,480	874	–	599,354
Inter-segment sales	104	–	(104)	–
Segment revenue	598,584	874	(104)	599,354
Segment profit	62,785	40	–	62,825
Interest income from bank deposits				19
Unallocated expenses				(7,519)
Finance costs				(221)
Profit before tax				55,104

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 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.

	2017	2016
	HK$'000	*HK$'000*
Segment assets		
Formwork works	**184,919**	85,733
Building construction works	**3,432**	3,510
Total segment assets	**188,351**	89,243
Unallocated	**46,159**	51,800
Consolidated assets	**234,510**	141,043
Segment liabilities		
Formwork works	**107,711**	93,508
Building construction works	**8**	25
Total segment liabilities	**107,719**	93,533
Unallocated	**40,171**	25,461
Consolidated liabilities	**147,890**	118,994

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, amount due from a related company, deferred tax assets and unallocated corporate assets.

- all liabilities are allocated to operating segments other than bank borrowings, obligation under finance lease, amount due to ultimate holding company, amounts due to directors, tax payable, deferred tax liabilities and unallocated corporate liabilities.

Other segment information

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**

For the year ended 31 March 2016

	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	2,188	–	2,188
Depreciation of property, plant and equipment	180	–	180

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:

	2017 *HK$'000*	2016 *HK$'000*
Customer A[1]	**293,526**	366,753
Customer B[1]	**121,815**	188,017
Customer C[1]	**126,554**	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

	2017	2016
	HK$'000	*HK$'000*
Interest income from bank deposits	**3**	19
Sales of scrap materials	**136**	318
Sundry income	**1,108**	545
	1,247	882

6. OTHER LOSSES

	2017	2016
	HK$'000	*HK$'000*
Net foreign exchange loss	**15**	11

7. FINANCE COSTS

	2017	2016
	HK$'000	*HK$'000*
Interest expense on:		
Bank loans and overdrafts	**247**	182
Obligation under finance lease	**44**	39
	291	221

8. INCOME TAX EXPENSE

	2017	2016
	HK$'000	*HK$'000*
Current tax:		
Hong Kong Profits Tax		
– Current year	**16,542**	10,183
– Under provision in prior year	**303**	–
	16,845	10,183
Deferred tax		
Origination and reversal of temporary differences	**(327)**	(1,234)
	16,518	8,949

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:

	2017	2016
	HK$'000	*HK$'000*
Directors' emoluments	**7,658**	6,055
Other staff costs	**374,881**	326,021
Contributions to retirement benefit scheme, excluding those of directors	**12,833**	10,378
Total staff costs	**395,372**	342,454
Less: Amounts charged to direct costs	**(366,641)**	(331,500)
Less: Amounts charged to administrative expenses	**(13,146)**	(8,958)
Amounts capitalised in contracts in progress	**15,585**	1,996
Depreciation of property, plant and equipment	**1,761**	180
Auditors' remuneration	**700**	102
Listing expenses	**6,933**	3,726

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:

	2017	2016
	HK$'000	*HK$'000*
Earnings		
Earnings for the purpose of basic earnings per share (Profit for the year attributable to owners of the Company)	**67,571**	46,155

	2017	2016
	'000	'000
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**1,245,000**	1,245,000

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

No diluted earnings per share for the years ended 31 March 2017 and 2016 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.

Prior to the Reorganisation, the subsidiaries had declared dividends to their then shareholders as follows:

	2017	2016
	HK$'000	*HK$'000*
Declared by:		
Leung Pui Form Mould & Engineering Co. Limited ("**Leung Pui**")	**–**	51,517
Five Dragons Form Mould Limited ("**Five Dragons**")	**–**	12,000
	–	63,517

The rate of dividends and the number of shares ranking for dividends are not presented as such information is not meaningful.

No dividend has been proposed since the end of the reporting period.

12. TRADE AND OTHER RECEIVABLES

	2017	2016
	HK$'000	*HK$'000*
Trade receivables	**87,136**	27,945
Retention money receivables	**35,191**	14,338
Prepayments		
– Prepaid listing expenses	**2,336**	866
– Others	**4**	33
Deposits and other receivables	**283**	234
	124,950	43,416

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:

	2017	2016
	HK$'000	*HK$'000*
0–30 days	**87,105**	27,945
31–60 days	**20**	–
Over 60 days	**11**	–
	87,136	27,945

Included in the Group's trade receivable balance are debtors with aggregate carrying amount of approximately HK$31,000 (2016: Nil) 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

	2017	2016
	HK$'000	*HK$'000*
Overdue by:		
1–30 days	**20**	–
Over 60 days	**11**	–
	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:

	2017	2016
	HK$'000	*HK$'000*
Retention money receivables after 1 year	**28,674**	7,513

13. TRADE AND OTHER PAYABLES

	2017	2016
	HK$'000	*HK$'000*
Trade payables	**11,136**	12,205
Advances received from customers for contract work	**–**	12,400
Accruals and other payables		
– Accrued salaries	**35,874**	19,687
– Accrued sub-contracting fee	**24,459**	12,508
– Others	**14,079**	7,710
	85,548	64,510

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:

	2017	2016
	HK$'000	*HK$'000*
0–30 days	**4,846**	3,338
31–60 days	**3,736**	6,849
61–90 days	**1,524**	1,730
Over 90 days	**1,030**	288
	11,136	12,205

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

	2017	2016
	HK$'000	*HK$'000*
King Fu Plastic Products Limited ("**King Fu**")	**2,433**	2,998

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

The share capital shown on the consolidated statement of financial position as at 31 March 2016 represents the aggregate share capital of Leung Pui, Five Dragons, Ho Yip Construction Company Limited, Mastery Engineering Limited and Kin Wo Form Mould Engineering Limited. The share capital shown on the consolidated statement of financial position as at 31 March 2017 represents the share capital of the Company. Details of movements of share capital of the Company are as follows:

	Number of shares	**Amount**
		HK$
Ordinary shares of HK$0.01 each		
Authorised:		
At 6 April 2016 (date of incorporation) and 31 March 2017	**39,000,000**	**390,000**
Issued and fully paid:		
Issue of share upon incorporation	1	–
Issue of shares during the period	9,999	100
At 31 March 2017	**10,000**	**100**

	HK$'000
Shown in the consolidated financial statements	–

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.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL HIGHLIGHTS

– Revenue of the Group for the year ended 31 March 2017 amounted to approximately HK$770,159,000 (2016: approximately HK$599,354,000).

– Profit attributable to the equity shareholders of the Company for the year ended 31 March 2017 amounted to approximately HK$67,571,000 (2016: approximately HK$46,155,000).

– Basic earnings per share for the year ended 31 March 2017 amounted to approximately 5.43 HK cents (2016: approximately 3.71 HK cents).

BUSINESS REVIEW

The Group is principally engaged in provision of formwork works with an insignificant portion from building construction works (including concrete works and finishes works). Based on the materials mainly 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. 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 2017, the Group recognised income from formwork works and building construction works was approximately HK$770,059,000 (2016: approximately HK$598,480,000) and approximately HK$100,000 (2016: approximately HK$874,000) that contributed for approximately 99.99% (2016: approximately 99.85%) and approximately 0.01% (2016: approximately 0.15%) of total revenue respectively.

The Group predominately engaged in erecting formworks for construction works in private residential and commercial buildings. In recent years, in order to diversify the business scope in different kinds of construction projects, the Group has 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 2017, the revenue generated from private sector projects accounted for approximately HK$683,065,000 (2016: approximately HK$591,047,000), representing approximately 88.7% (2016: approximately 98.6%), of total revenue of the Group, and approximately HK$87,094,000 (2016: approximately HK$8,307,000), representing approximately 11.3% (2016: approximately 1.4%), of 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 2017.

During the year ended 31 March 2017, there were 44 projects contributing revenue of approximately HK$770,159,000, whereas revenue for the corresponding period of 2016 of approximately HK$599,354,000 was contributed by 35 projects. The increase of revenue in 2017 was mainly due to the recognition of revenue from 19 new projects which contributed approximately HK$407,128,000 million during the year ended 31 March 2017. In addition, certain projects with high contract sum were awarded and revenue recognised during the year ended 31 March 2017. Set out below is the breakdown of the Group's projects based on their respective revenue recognised during the year ended 31 March 2017 and 2016.

	2017	2016
	No. of projects	No. of projects
Revenue recognised		
HK$100,000,001 or above	**1**	–
HK$50,000,001 to HK$100,000,000	**2**	3
HK$10,000,001 to HK$50,000,000	**22**	8
HK$1,000,000 to HK$10,000,000	**11**	14
Below HK$1,000,000	**8**	10
	44	35

Gross Profit and Gross Profit Margin

During the year ended 31 March 2017, the Group's gross profit increased by approximately HK$37,609,000 or approximately 53.7% from approximately HK$70,089,000 for the year ended 31 March 2016 to approximately HK$107,698,000 for the year ended 31 March 2017. The increase in gross profit was mainly resulted from the increase in number of projects. Details are set out in the section headed "Revenue" above.

The Group's gross profit margin increased from approximately 11.7% for the year ended 31 March 2016 to approximately 14.0% for the year ended 31 March 2017. The increase in gross profit margin was mainly attributable to a project in Tsim Sha Tsui which generated a gross profit of approximately HK$24,159,000 which represents approximately 22.4% of total gross profit of the Group. In addition, there were more profitable variation orders performed during the said period, resulting in the increase of gross profit margin for this project.

Other income

Other income increased by approximately HK$365,000 from approximately HK$882,000 for the year ended 31 March 2016 to approximately HK$1,247,000 for the year ended 31 March 2017, representing an increase of approximately 41.4%. Such increase was mainly attributable to increase in extraordinary income.

Other losses

Other losses increased by approximately HK$4,000 from approximately HK$11,000 for the year ended 31 March 2016 to approximately HK$15,000 for the year ended 31 March 2017, representing an increase of approximately 36.4%. Such increase was mainly attributable to the net foreign exchange loss incurred during the year ended 31 March 2017.

Administrative expenses

Administrative expenses increased from approximately HK$15,635,000 for the year ended 31 March 2016 to approximately HK$24,550,000 for the year ended 31 March 2017, representing an increase of approximately 57.0%. Such increase was mainly attributable to the listing expenses and increase in salaries. Listing expenses and staff costs of approximately HK$6,933,000 and approximately HK$13,146,000 were recorded for the year ended 31 March 2017 compared to approximately HK$3,726,000 and approximately HK$8,958,000 for the year ended 31 March 2016 respectively.

Finance costs

Finance costs increased from approximately HK$221,000 for the year ended 31 March 2016 to approximately HK$291,000 for the year ended 31 March 2017, representing an increase of approximately 31.7%. Such increase was mainly attributable to the increase in interest expense on new bank loan drawdowns during the year ended 31 March 2017.

Income tax

Income tax expenses increased to approximately HK$16,518,000 for the year ended 31 March 2017 compared to approximately HK$8,949,000 for the year ended 31 March 2016. Such increase was mainly due to the increase in assessable profits of the Group and the non-deductible expenses (i.e. listing expenses) incurred during the year ended 31 March 2016 and 2017. The Group's effective tax rate was approximately 16.2% for the year ended 31 March 2016 and approximately 19.6% for the year ended 31 March 2017.

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$67,571,000 for the year ended 31 March 2017 as compared to approximately HK$46,155,000 for the year ended 31 March 2016.

CORPORATE FINANCE AND RISK MANAGEMENT

Liquidity and financial resources

As at 31 March 2017, the Group had unpledged bank balances and cash of approximately HK$38,940,000 as compared with approximately HK$40,209,000 as at 31 March 2016. The slight decrease was mainly due to the net operating cash outflow for the year ended 31 March 2017 arising from the longer credit period from certain customers and the significant increase of retention money receivables.

The bank borrowings of the Group as at 31 March 2017 was approximately HK$27,527,000 (2016: approximately HK$7,235,000). The gearing ratio is calculated based on the amount of total debts, including bank borrowings, amounts due to directors, amount due to ultimate holding company and obligation under finance lease, divided by total equity. The gearing ratio of the Group as at 31 March 2017 was approximately 32.1% (2016: approximately 51.0%), as a result of the increase of profit for the year ended 31 March 2017.

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 2017, the variable-rate bank borrowings are secured by (i) an unlimited personal guarantee from Mr. Leung Chi Kit ("**Mr. Leung**"); (ii) a personal guarantee of HK$15,000,000 from Mr. Leung; and (iii) charge over the Group's trade receivables and retention money receivables with an aggregate amount of approximately HK$122,327,000. Upon Listing and as at the date of this announcement, all personal guarantee from Mr. Leung had been released and the said bank borrowings are secured by the Company in the way of corporate guarantee instead.

Material acquisitions and disposals of subsidiaries, associates and joint ventures

Saved as the Reorganisation disclosed in this announcement, the Group had no material acquisitions or disposals of subsidiaries, associates and joint ventures during the year ended 31 March 2017.

Capital commitments

As at 31 March 2017, the Group had no material off-balance sheet capital commitments.

Contingent liabilities

As at 31 March 2017, 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 2017.

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.

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 has kept good communications and shared business updates with them when appropriate.

The Group have been providing formwork works to the major customers whose business relationship with us ranged from one year to 13 years. Main contractors tend to select their subcontractors based on reputation, proven high- quality work and on-time project completion track records and 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 a period ranging from one year to 10 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 2017, the Group employed 1,310 employees in Hong Kong (2016: 964 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 2017 was approximately HK$395,372,000 compared to approximately HK$342,454,000 for the year ended 31 March 2016.

USE OF PROCEEDS FROM THE COMPANY'S INITIAL PUBLIC OFFERING

The net proceeds from the Listing have not been utilised up to the date of announcement in accordance with the proposed application set out in the section "Net Proceeds from the Share Offer" of the announcement of "Offer Price and Allotment Results". The table below lists out the proposed applications of the net proceeds and usage up to the date of announcement:

	Estimated net proceeds HK$ million	Amount utilised up to the date of announcement HK$ million	Unutilised balance up to the date of announcement HK$ million
Acquire additional machineries and equipment	33.0	–	33.0
Purchase aluminium formwork systems	21.5	–	21.5
Invest in human resources	9.7	–	9.7
Additional rental expense for leasing of a warehouse	4.3	–	4.3
General working capital	7.1	–	7.1
Total	75.6	–	75.6

The unused amount of the estimated net proceeds of approximately HK$75.6 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 have implemented a stringent management system to regulate the work's quality, safety and environmental management standards, which comply with international standards. As at 31 March 2017, the Group have 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 2017, there were 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 2017, the Group was fined for a total sum of HK$15,000 in respect of 3 summonses for violation of certain regulations under the Construction Sites (Safety) Regulations and Factories and Industrial Undertakings (Safety Management) Regulations as disclosed in Prospectus.

The Directors consider that these violations are independent and isolated incidents. During the year ended 31 March 2017, 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 2017, the Group has also obtained all the licenses, permits or certificates which are necessary to conduct its business operation in Hong Kong.

EVENTS AFTER THE REPORTING PERIOD

The following significant events took place subsequent to 31 March 2017:

(a) The Company has conditionally adopted a share option scheme on 23 May 2017, summary of terms and conditions of which are set out in the section headed "Share Option Scheme" in Appendix V "Statutory and General Information" to the Prospectus. No share option has been granted since the adoption of the Share Option Scheme.

(b) On 23 May 2017, the authorised share capital of the Company was 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 a total of 375,000,000 shares (comprising 255,000,000 new shares and 120,000,000 sales 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.

FUTURE PROSPECTS

According to the 2017 Policy Address delivered by the Hong Kong Chief Executive in January 2017 on private housing, the projected supply of first-hand residential properties for the coming 3 to 4 years was 94,000 units, which is a record high since the regular release of supply statistics 12 years ago. In the public sector, the Housing Authority and the Hong Kong Housing Society will build about 94,500 public housing units, of which about 71,800 will be public rental housing units and about 22,660 will be subsidised sale in the next 5 years. In response to the increasing demand for residential properties, more renovation and construction project of residential buildings are expected. The increasing demand for residential properties and hence for building construction works are expected, providing growth opportunities to the formwork works industry in Hong Kong.

Despite of the fluctuation in the Hong Kong's property market and the problem of labour shortage and aging workers threaten the development of the construction industry as well as the formwork works industry in Hong Kong, the Board is confident with the Group's future development and will continue to build on existing competitive strengths to achieve the long-term business objectives.

FINAL DIVIDEND

The board does not recommend the payment of final dividend for the year ended 31 March 2017.

CLOSURE OF REGISTER OF MEMBERS

The annual general meeting of the Company is scheduled to be held on Friday, 18 August 2017. For determining the entitlement to attend and vote at the annual general meeting, the register of members of the Company will be closed from Tuesday, 15 August 2017 to Friday, 18 August 2017 (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 Monday, 14 August 2017.

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 2017.

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, except code provisions C.2.5, which are explained below.

According to code provision C.2.5 of the CG Code, the Company should have an internal audit function. The Company does not establish a standalone internal audit department, however, the Board has put in place adequate measures to perform the internal audit function in relation to different aspects including (i) the Board has established formal arrangements to apply financial reporting and internal control principles in accounting and financial matters to ensure compliance with the Listing Rules and all relevant laws and regulations and (ii) the Company has appointed an external internal control consultant to perform periodic review of our internal control system.

Details of the Company's corporate governance policies and practices (including the above deviation from the code provisions) will be discussed in the Company's 2017 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 2017.

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 2017, and the consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 March 2017 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 2017. 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 2017 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, 29 June 2017

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.