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 INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2018

The board of directors (the "**Board**") of Kin Shing Holdings Limited (the "**Company**") presents the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively the "**Group**") for the six months ended 30 September 2018 together with the comparative figures in 2017, as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 September 2018

		Six months ended 30 September	
		2018	2017
		(Unaudited)	(Unaudited)
	Notes	***HK$'000***	*HK$'000*
Revenue	3	**417,585**	326,910
Direct costs		**(372,134)**	(275,900)
Gross profit		**45,451**	51,010
Other income	4	**440**	344
Other gains and losses	5	**(26,720)**	6
Administrative expenses		**(12,137)**	(17,847)
Finance costs	6	**(1,343)**	(419)
Profit before tax		**5,691**	33,094
Income tax expense	7	**(5,416)**	(5,294)
Profit and total comprehensive income for the period		**275**	27,800
Profit and total comprehensive income for the period attributable to owners of the Company		**275**	27,800
Earnings per share – Basic *(HK cents)*	9	**0.02**	1.99

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2018

	Notes	As at 30 September 2018 (Unaudited) HK$'000	As at 31 March 2018 (Audited) HK$'000
Non-current assets			
Property, plant and equipment		**21,349**	19,424
Investment in a joint venture		**–**	–
Deposits for acquisition of property, plant and equipment		**3,400**	297
Deferred tax assets		**4,221**	4,353
		28,970	24,074
Current assets			
Trade and other receivables	10	**132,586**	108,063
Contract assets		**127,400**	–
Amounts due from customers for contract work		**–**	89,861
Financial assets at fair value through profit or loss		**12,495**	–
Tax recoverable		**12,589**	9,735
Bank balances and cash		**188,816**	92,438
		473,886	300,097
Total assets		**502,856**	324,171
Current liabilities			
Trade and other payables	11	**98,524**	67,897
Contract liabilities		**5,329**	–
Amounts due to customers for contract work		**–**	6,658
Amount due to a joint venture		**5**	5
Amount due to a related company		**145,613**	–
Amount due to a director		**46,834**	–
Bank borrowings		**6,753**	41,712
Tax payable		**3,068**	1,333
		306,126	117,605
Net current assets		**167,760**	182,492
Total assets less current liabilities		**196,730**	206,566
Non-current liabilities			
Deferred tax liabilities		**2,215**	1,972
Net assets		**194,515**	204,594
Capital and reserves			
Share capital		**15,000**	15,000
Reserves		**179,515**	189,594
Total equity		**194,515**	204,594

NOTES

1. GENERAL INFORMATION AND BASIS OF PREPARATION

Kin Shing Holdings Limited (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 have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 16 June 2017 (the "**Listing**").

The condensed consolidated financial statements are presented in Hong Kong dollars, which is also the functional currency of the Company.

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange.

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair values.

Other than changes in accounting policies resulting from application of new and amendments to Hong Kong Financial Reporting Standards ("**HKFRSs**"), the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 September 2018 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 March 2018.

Application of new and amendments to HKFRSs

In the current interim period, the Group has applied, for the first time, the following new and amendments to HKFRSs issued by the HKICPA which are mandatorily effective for the annual period beginning on 1 April 2018 for the preparation of the Group's condensed consolidated financial statements.

HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers and the related Amendments
HK(IFRIC) – Int 22	Foreign Currency Transactions and Advance Consideration
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts
Amendments to HKAS 28	As part of the Annual Improvements to HKFRSs 2014–2016 Cycle
Amendments to HKAS 40	Transfers of Investment Property

The new and amendments to HKFRSs have been applied in accordance with the relevant transition provisions in the respective standards and amendments which results in changes in accounting policies, amounts reported and/or disclosures as described below.

2.1 Impacts and changes in accounting policies of application on HKFRS 15 Revenue from Contracts with Customers

The Group has applied HKFRS 15 for the first time in the current interim period. HKFRS 15 superseded HKAS 18 *Revenue*, HKAS 11 *Construction Contracts* and the related interpretations.

The Group recognises revenue from the following major sources:

- Formwork works; and
- Building construction works.

The Group has applied HKFRS 15 retrospectively with the cumulative effect of initially applying this standard recognised at the date of initial application, 1 April 2018. Any difference at the date of initial application is recognised in the opening retained profits (or other components of equity, as appropriate) and comparative information has not been restated. Furthermore, in accordance with the transition provisions in HKFRS 15, the Group has elected to apply the standard retrospectively only to contracts that are not completed at 1 April 2018. Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 18 *Revenue* and HKAS 11 *Construction Contracts* and the related interpretations.

2.1.1 Key changes in accounting policies resulting from application of HKFRS 15

HKFRS 15 introduces a 5-step approach when recognising revenue:

- 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 Group satisfies a performance obligation.

Under HKFRS 15, the Group 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.

A performance obligation represents a good and service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- the Group's performance creates and enhances an asset that the customer controls as the Group performs; or
- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

A contract asset represents the Group's right to consideration in exchange for goods or services that the Group has transferred to a customer that is not yet unconditional. It is assessed for impairment in accordance with HKFRS 9. In contrast, a receivable represents the Group's unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due.

A contract liability represents the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

Over time revenue recognition: measurement of progress towards complete satisfaction of a performance obligation

Output method

The progress towards complete satisfaction of a performance obligation is measured based on output method, which is to recognise revenue on the basis of direct measurements of the value of the goods or services transferred to the customer to date relative to the remaining goods or services promised under the contract, that best depict the Group's performance in transferring control of goods or services.

Existence of significant financing component

In determining the transaction price, the Group adjusts the promised amount of consideration for the effects of the time value of money if the timing of payments agreed (either explicitly or implicitly) provides the customer or the Group with a significant benefit of financing the transfer of goods or services to the customer. In those circumstances, the contract contains a significant financing component. A significant financing component may exist regardless of whether the promise of financing is explicitly stated in the contract or implied by the payment terms agreed to by the parties to the contract.

For contracts where the period between payment and transfer of the associated goods or services is less than one year, the Group applies the practical expedient of not adjusting the transaction price for any significant financing component.

Costs to fulfil a contract

The Group incurs costs to fulfil a contract in its construction contracts. The Group first assesses whether these costs qualify for recognition as an asset in terms of other relevant standards, failing which it recognises an asset for these costs only if they meet all of the following criteria:

(a) the costs relate directly to a contract or to an anticipated contract that the Group can specifically identify;

(b) the costs generate or enhance resources of the Group that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and

(c) the costs are expected to be recovered.

The asset so recognised is subsequently amortised to profit or loss on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the assets relate. The asset is subject to impairment review.

2.1.2 *Summary of effects arising from initial application of HKFRS 15*

The revenue from construction contracts is recognised over time under output method. The progress towards complete satisfaction of a performance obligation of construction contracts is measured with reference to the certificates issued by the internal or external surveyors on the performance of work completed to date. Costs incurred at the initial stage that generate or enhance resources to be utilised subsequently in fulfilling the performance obligation will be recognised as contract costs to be amortised on a systematic basis with the transfer to the customer of the services to which the assets relate, while contract costs that related to satisfy performance obligations are expensed as incurred.

The following table summarises the impact of transition to HKFRS 15 on retained profits at 1 April 2018.

	Notes	**Impact of adopting HKFRS 15 at 1 April 2018** *HK$'000*
Retained profits		
Adjustments of amounts due from customers for contract work	(b)	(12,400)
Tax effect	(b)	2,046
Impact at 1 April 2018		(10,354)

The following adjustments were made to the amounts recognised in the condensed consolidated statement of financial position at 1 April 2018. Line items that were not affected by the changes have not been included.

	Notes	**Carrying amounts previously reported at 31 March 2018** *HK$'000*	**Reclassification** *HK$'000*	**Remeasurement** *HK$'000*	**Carrying amounts under HKFRS 15 at 1 April 2018*** *HK$'000*
Current assets					
Trade and other receivable	(a)	108,063	(38,055)	–	70,008
Contract assets	(a) & (b)	–	115,516	–	115,516
Amounts due from customers for contract work	(b)	89,861	(77,461)	(12,400)	–
Tax recoverable	(b)	9,735	–	2,046	11,781
Current liabilities					
Trade and other payables	(c)	67,897	(10,615)	–	57,282
Contract liabilities	(b) & (c)	–	17,273	–	17,273
Amounts due to customers for contract work	(b)	6,658	(6,658)	–	–
Capital and reserve					
Retained profits	(b)	113,760	–	(10,354)	103,406

* The amounts in this column are before the adjustments from the application of HKFRS 9.

Notes:

(a) At the date of initial application, retention receivables of approximately HK$38,055,000 arising from the construction contracts are conditional on the satisfaction of the service quality by the customers over a certain period as stipulated in the contracts, and such balance was reclassified from trade and other receivables to contract assets.

(b) In relation to construction contracts previously accounted under HKAS 11, the Group continues to apply output method in estimating the performance obligations satisfied up to date of initial application of HKFRS 15. Amounts due from customers for contract work of approximately HK$77,461,000 and amounts due to customers for contract work of approximately HK$6,658,000 were reclassified to contract assets and contract liabilities respectively. Under HKAS 11, construction costs were charged to profit or loss by reference to the stage of completion of the contract, which is measured based on surveys of work performed. Under HKFRS 15, costs that related to satisfy performance obligations are expensed as incurred. Construction costs of approximately HK$12,400,000 that have been incurred but deferred to be recognised in profit or loss under HKAS 11 included in amounts due from customers for contract work were charged to retained profits. The related tax effect of approximately HK$2,046,000 were recognised in tax recoverable and included in adjustment to retained profits.

(c) At the date of initial application, advances from customers of approximately HK$10,615,000 arising from the construction contracts previously included in trade and other payables was reclassified to contract liabilities.

2.2 Impacts and changes in accounting policies of application on HKFRS 9 Financial Instruments

In the current period, the Group has applied HKFRS 9 *Financial Instruments* and the related consequential amendments to other HKFRSs. HKFRS 9 introduces new requirements for (1) the classification and measurement of financial assets and financial liabilities, (2) expected credit losses ("**ECL**") for financial assets and (3) general hedge accounting.

The Group has applied HKFRS 9 in accordance with the transition provisions set out in HKFRS 9, i.e. applied the classification and measurement requirements (including impairment) retrospectively to instruments that have not been derecognised as at 1 April 2018 (date of initial application) and has not applied the requirements to instruments that have already been derecognised as at 1 April 2018. The difference between carrying amounts as at 31 March 2018 and the carrying amounts as at 1 April 2018 are recognised in the opening retained profits and other components of equity, without restating comparative information.

Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 39 *Financial Instruments: Recognition and Measurement*.

2.2.1 Key changes in accounting policies resulting from application of HKFRS 9

Classification and measurement of financial assets

Trade receivables arising from contracts with customers are initially measured in accordance with HKFRS 15.

All recognised financial assets that are within the scope of HKFRS 9 are subsequently measured at amortised cost or fair value, including unquoted equity investments measured at cost less impairment under HKAS 39.

Debt instruments that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are subsequently measured at fair value through other comprehensive income ("**FVTOCI**"):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and

- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at fair value through profit or loss ("**FVTPL**"), except that at the date of initial application/initial recognition of a financial asset the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income ("**OCI**") if that equity investment is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which HKFRS 3 *Business Combinations* applies.

In addition, the Group may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

<u>Financial assets at FVTPL</u>

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI or designated as FVTOCI are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss excludes any dividend or interest earned on the financial asset and is included in the "other gains and losses" line item.

The directors of the Company reviewed and assessed the Group's financial assets as at 1 April 2018 based on the facts and circumstances that existed at that date. The initial application of HKFRS 9 has no material impact on the classification and measurement of the Group's financial assets.

Impairment under ECL model

The Group recognises a loss allowance for ECL on financial assets which are subject to impairment under HKFRS 9 (including trade receivables, contract assets, deposits, other receivables and bank balances). The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL ("**12m ECL**") represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessment are done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Group always recognises lifetime ECL for trade receivables and contract assets. The ECL on these assets are assessed individually for debtors with significant balances and/or collectively using a provision matrix with appropriate groupings.

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;

- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;

- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;

- an actual or expected significant deterioration in the operating results of the debtor;

- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Despite the aforegoing, the Group assumes that the credit risk on a debt instrument has not increased significantly since initial recognition if the debt instrument is determined to have low credit risk at the reporting date. A debt instrument is determined to have low credit risk if (i) it has a low risk of default, (ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and (iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The Group considers that default has occurred when the instrument is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information.

Generally, the ECL is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit impaired, in which case interest income is calculated based on amortised cost of the financial asset.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade receivables and contract assets where the corresponding adjustment is recognised through a loss allowance account.

As at 1 April 2018, the directors of the Company reviewed and assessed the Group's existing financial assets and contract assets for impairment using reasonable and supportable information that is available without undue cost or effort in accordance with the requirements of HKFRS 9. The initial application of HKFRS 9 has not resulted in material additional credit loss allowance against the Group's retained profits.

Except as described above, the application of other new and amendments to HKFRSs in the current interim period has had no material effect on the amounts reported and/or disclosures set out in the condensed consolidated financial statements.

3. SEGMENT INFORMATION

The Group's reportable and 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.

Six months ended 30 September 2018 (unaudited)

	Formwork works *HK$'000*	**Building construction works** *HK$'000*	**Total** *HK$'000*
Revenue			
External sales and segment revenue	**417,585**	**–**	**417,585**
Segment profit	**40,092**	**–**	**40,092**
Interest income			**151**
Unallocated expenses			**(6,498)**
Net loss arising on financial assets measured at fair value through profit or loss			**(26,711)**
Finance costs			**(1,343)**
Profit before tax			**5,691**

Six months ended 30 September 2017 (unaudited)

	Formwork works *HK$'000*	Building construction works *HK$'000*	Total *HK$'000*
Revenue			
External sales and segment revenue	326,910	–	326,910
Segment profit/(loss)	43,310	(40)	43,270
Interest income			100
Unallocated income			113
Unallocated expenses			(9,970)
Finance costs			(419)
Profit before tax			33,094

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, certain other income, central administration costs, net loss arising on financial assets measured at fair value through profit or loss 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.

	As at 30 September 2018 (Unaudited) *HK$'000*	As at 31 March 2018 (Audited) *HK$'000*
Segment assets		
Formwork works	**283,749**	216,510
Building construction works	**986**	986
Total segment assets	**284,735**	217,496
Unallocated	**218,121**	106,675
Consolidated assets	**502,856**	324,171
Segment liabilities		
Formwork works	**103,102**	74,102
Building construction works	**–**	8
Total segment liabilities	**103,102**	74,110
Unallocated	**205,239**	45,467
Consolidated liabilities	**308,341**	119,577

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, financial assets at fair value through profit or loss, 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 a joint venture, amount due to a related company, amount due to a director, tax payable, deferred tax liabilities and unallocated corporate liabilities.

4. OTHER INCOME

	Six months ended 30 September	
	2018	2017
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Interest income from bank deposits	**116**	88
Interest income from loan receivables	**35**	12
Rental income	**138**	–
Sales of scrap materials	**–**	69
Sundry income	**151**	175
	440	344

5. OTHER GAINS AND LOSSES

	Six months ended 30 September	
	2018	2017
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Net loss arising on financial assets measured at fair value through profit or loss	**(26,711)**	–
Net foreign exchange (loss)/gain	**(9)**	6
	(26,720)	6

6. FINANCE COSTS

	Six months ended 30 September	
	2018	2017
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Interest expense on bank borrowings	**730**	419
Interest expense on amount due to a related company	**613**	–
	1,343	419

7. INCOME TAX EXPENSE

	Six months ended 30 September	
	2018	2017
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Current tax:		
Hong Kong Profits Tax	**5,041**	8,997
Deferred tax:		
Current period	**375**	(3,703)
	5,416	5,294

Hong Kong Profits Tax is calculated at 16.5% (2017: 16.5%) on the estimated assessable profit for the period.

8. DIVIDENDS

No dividends were paid, declared or proposed during the interim period. The directors of the Company have determined that no dividend will be paid in respect of the interim period.

9. EARNINGS PER SHARE

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

	Six months ended 30 September	
	2018	2017
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Earnings		
Earnings for the purpose of basic earnings per share (Profit for the period attributable to owners of the Company)	**275**	27,800
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**1,500,000,000**	1,394,098,361

The weighted average number of ordinary shares for the purpose of basic earnings per share for the period ended 30 September 2017 has been adjusted for the capitalisation issue on 16 June 2017.

No diluted earnings per share for the periods ended 30 September 2018 and 2017 were presented as there were no potential ordinary shares in issue for both periods.

10. TRADE AND OTHER RECEIVABLES

	As at 30 September 2018 (Unaudited) ***HK$'000***	As at 31 March 2018 (Audited) *HK$'000*
Trade receivables	**131,412**	69,541
Retention money receivables	**–**	38,055
Prepayments	**5**	154
Deposits and other receivables	**1,169**	313
	132,586	108,063

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:

	As at 30 September 2018 (Unaudited) ***HK$'000***	As at 31 March 2018 (Audited) *HK$'000*
0–30 days	**86,501**	39,053
31–60 days	**40,484**	15,640
Over 60 days	**4,427**	14,848
	131,412	69,541

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:

	As at 30 September 2018 (Unaudited) ***HK$'000***	As at 31 March 2018 (Audited) *HK$'000*
Retention money receivables after 1 year	**–**	35,713

11. TRADE AND OTHER PAYABLES

	As at 30 September 2018 (Unaudited) *HK$'000*	As at 31 March 2018 (Audited) *HK$'000*
Trade payables	**33,477**	15,652
Advances received from customers for contract work	**–**	10,615
Accruals and other payables		
– Accrued salaries	**38,709**	29,251
– Accrued sub-contracting fee	**17,154**	7,657
– Others	**9,184**	4,722
	98,524	67,897

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:

	As at 30 September 2018 (Unaudited) *HK$'000*	As at 31 March 2018 (Audited) *HK$'000*
0–30 days	**6,949**	6,472
31–60 days	**7,086**	1,461
61–90 days	**9,468**	4,081
Over 90 days	**9,974**	3,638
	33,477	15,652

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Revenue

During the six months ended 30 September 2018, there were 40 projects contributing revenue of approximately HK$417.6 million, whereas a revenue of HK$326.9 million for the corresponding period in 2017 was contributed by 35 projects. The increase of revenue in 2018 was mainly due to several constructions projects which started in late February and March 2018 and contributed a large portion of revenue during the six months ended 30 September 2018.

The focus of business of the Group remained to be primarily in the Hong Kong market during the six months ended 30 September 2018.

Gross profit and gross profit margin

During the six months ended 30 September 2018, the Group's gross profit decreased by approximately HK$5.5 million or 10.8% from approximately HK$51.0 million for the six months ended 30 September 2017 to approximately HK$45.5 million for the six months ended 30 September 2018. The decrease in gross profit was mainly resulted from the decrease in the gross profit margin of newly awarded projects taken up by the Group and increase in direct staff costs and subcontracting costs during the period.

The Group's gross profit margin decreased from approximately 15.6% for the six months ended 30 September 2017 to approximately 10.9% for the six months ended 30 September 2018.

Other income

Other income increased by approximately HK$0.1 million from approximately HK$0.34 million for the six months ended 30 September 2017 to approximately HK$0.44 million for the six months ended 30 September 2018, representing an increase of approximately 27.9%. Such increase was mainly attributable to the increase in rental income generated from letting of equipment to a related company.

Other losses or gains

Other losses increased by approximately HK$26.7 million from other gain of approximately HK$6,000 for the six months ended 30 September 2017 to other loss of approximately HK$26.7 million for the six months ended 30 September 2018. Such increase was mainly attributable to the loss arising on the fair value change and disposals of listed equity securities classified as financial assets at fair value through profit or loss during the six months ended 30 September 2018.

Administrative expenses

Administrative expenses decreased from approximately HK$17.8 million for the six months ended 30 September 2017 to approximately HK$12.1 million for the six months ended 30 September 2018, representing a decrease of approximately 32.0%. Such decrease was mainly attributable to the decrease in the non-recurring expenses in relation to the Listing.

Finance costs

Finance costs increased from approximately HK$0.42 million for the six months ended 30 September 2017 to approximately HK$1.34 million for the six months ended 30 September 2018, representing an increase of approximately 220.5%. Such increase was mainly attributable to the increase in interest expense on existing bank loans and loan from a related company during the six months ended 30 September 2018.

Income tax

Income tax expenses increased to approximately HK$5.4 million for the six months ended 30 September 2018 compared to approximately HK$5.3 million for the six months ended 30 September 2017, representing an increase of approximately 1.9%. Such increase was mainly due to the increase in assessable profits and non-deductible expenses of the Group during the six months ended 30 September 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$27.8 million for the six months ended 30 September 2017 as compared to approximately HK$0.3 million for the six months ended 30 September 2018, representing a decrease of approximately 98.9%.

Interim Dividend

The Board has resolved not to recommend the declaration of any interim dividend for the six months ended 30 September 2018.

CORPORATE FINANCE AND RISK MANAGEMENT

Liquidity and financial resources

As at 30 September 2018, the Group had unpledged bank balances and cash of approximately HK$188.8 million as compared with HK$92.4 million as at 31 March 2018, representing an increase of approximately 104.3%. The increase was mainly due to the proceeds received from the loan from a related company during the six months ended 30 September 2018.

The bank borrowing of the Group as at 30 September 2018 was approximately HK$6.8 million (31 March 2018: approximately HK$41.7 million). The gearing ratio is calculated based on the amount of total debts, which include bank borrowings, amount due to a joint venture, amount due to a related company and amount due to a director, divided by total equity. The gearing ratio of the Group as at 30 September 2018 was approximately 102.4% (31 March 2018: approximately 20.4%).

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 30 September 2018, the variable-rate bank borrowings are secured by charge over the Group's trade receivables and retention money receivables with an aggregate amount of approximately HK$188.2 million.

Capital commitments

As at 30 September 2018, the Group had approximately HK$2,005,000 capital commitments for the acquisition of property, plant and equipment.

Contingent liabilities

As at 30 September 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 has not engaged in any derivative contracts to hedge its exposure to foreign exchange risk during the six months ended 30 September 2018.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND ASSOCIATED COMPANIES

During the reporting period, the Group did not have any material acquisitions or disposals of subsidiaries or associated companies.

SIGNIFICANT INVESTMENT HELD

During the reporting period, the Group had no significant investment held.

FUTURE PLANS FOR MATERIAL INVESTMENT OR CAPITAL ASSETS

Save as disclosed in the prospectus of the Company date 31 May 2017 (the "**Prospectus**"), the Group does not have other plans for material investments and capital assets.

SHARE OPTION SCHEME

The Company has adopted a share option scheme (the "**Share Option Scheme**") on 23 May 2017. The principal terms of the Share Option Scheme are summarised in Appendix V to the Prospectus. The Share Option Scheme is an incentive scheme established to recognise and motivate the contributions that employees (full-time and part-time), Directors, suppliers, customers, advisers or service providers of the Group have made or may make to the Group. No share option has been granted, exercised, cancelled or lapsed under the Share Option Scheme since its adoption on 23 May 2017, and there is no outstanding share option as at 30 September 2018.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 September 2018, the Group employed 1,450 employees in Hong Kong (31 March 2018: 1,089 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 other employment benefits provident fund and educational subsidies to eligible staff. The total remuneration cost recognised to profit or loss for the six months ended 30 September 2018 was approximately HK$214.8 million compared to approximately HK$160.2 million for the six months ended 30 September 2017.

USE OF PROCEEDS FROM THE COMPANY'S INITIAL PUBLIC OFFERING

The Share 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 30 September 2018 is as below.

	Estimated net proceeds	**Adjusted use of proceeds**	**Amount utilised up to 30 September 2018**	**Unutilised balance up to 30 September 2018**
	HK$ million	*HK$ million*	*HK$ million*	*HK$ million*
Acquire additional machineries and equipment	33.0	32.8	20.2	12.6
Purchase aluminium formwork systems	21.5	21.3	–	21.3
Invest in human resources	9.7	9.6	3.5	6.1
Additional rental expense for leasing of a warehouse	4.3	4.3	0.3	4.0
General working capital	7.1	7.0	7.0	–
Total	75.6	75.0	31.0	44.0

The unused amount of the net proceeds of approximately HK$44.0 million was deposited into licensed banks in Hong Kong.

OUTLOOK AND PROSPECT

Although the total revenue of the Group has increased, the performance of the Group has been adversely affected by the competition in the building formwork industry which has become more keen and the market share of the Group has been affected since the infrastructure formwork market players responsible for the aforesaid infrastructure formwork works also competed with the building formwork market players for new tenders in the building formwork industry. As a result, the profit margin of new building formwork contracts awarded has been reduced.

In addition, due to the uncertainty of the private property market in Hong Kong, Hong Kong private property developers may adopt conservative development plans and pricing strategy in the near future. Consequently, it is expected that there will be a trend of keen competition for new building formwork contracts in the market.

In view of the aforesaid, in addition to adjusting the profit margin in bidding new contracts, the Group will continue to try its best endeavour to explore new customers, implement stringent cost control measures on existing projects, strengthen the effectiveness of project management and improve the efficiency of work flow throughout the construction process in order to maintain the competitiveness for the best interests of the Group.

As disclosed in the 2018 Annual Report of the Company, to mitigate the market risk and to diversify the business scope in different kinds of construction projects and to cope with the increasing supply in public housing units in coming future, the Group has also engaged in formwork works for construction of public housing. During the six months ended 30 September 2018, the Group has been awarded a new formwork works contract for public housing.

The revenue generated from the private sector projects accounted for approximately HK$338.7 million for the six months ended 30 September 2018 (2017: approximately HK$236.7 million), which represents approximately 81.1% of the total revenue of the Group (2017: approximately 72.4%). The revenue generated from the public sector projects accounted for approximately HK$78.9 million for the six months ended 30 September 2018 (2017: approximately HK$90.2 million), which represents approximately 18.9% of the total revenue of the Group (2017: approximately 27.6%).

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. On specific enquiries made, all Directors of the Company have confirmed that they have complied with the required standard set out in the Model Code since the Listing and up to the six months ended 30 September 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 period, 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) had been 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 approved and 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 interim results announcement of the Company for the six months ended 30 September 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 during the period from the Date of Listing.

SUBSEQUENT EVENT AFTER THE REPORTING PERIOD

As disclosed in the announcement of the Company dated 10 October 2018, Mr. Xiong Wei has tendered his resignation as an Executive Director of the Company with effect from 10 October 2018.

As disclosed in the announcement of the Company dated 16 November 2018, the Company through a wholly owned subsidiary via on-market trades on the Stock Exchange dealt in CNQC shares involving acquisitions made on 24 July 2018 and disposals made on 31 July 2018 for respective aggregate cash consideration of approximately HK$15.1 million and HK$14.0 million (excluding transaction cost).

Save as disclosed as above, the Group had no material events after the reporting period.

PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM 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 interim report for the six months ended 30 September 2018 containing all the information required by the Listing Rules will be published on the websites of the Company and the Hong Kong Exchanges and Clearing Limited and despatched to the shareholders in due course.

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

Hong Kong, 30 November 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.