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## **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 2017**

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 2017 together with the comparative figures in 2016, as follows:

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

*For the six months ended 30 September 2017*

	<i>Notes</i>	<b>Six months ended 30 September</b>	
		<b>2017</b>	<b>2016</b>
		<b>(Unaudited)</b>	<b>(Unaudited)</b>
		<b>HK\$'000</b>	<b>HK\$'000</b>
Revenue	4	<b>326,910</b>	344,156
Direct costs		<b>(275,900)</b>	(289,509)
Gross profit		<b>51,010</b>	54,647
Other income	5	<b>344</b>	265
Other gain/(loss)	6	<b>6</b>	(10)
Administrative expenses		<b>(17,847)</b>	(13,286)
Finance costs	7	<b>(419)</b>	(68)
Profit before tax		<b>33,094</b>	41,548
Income tax expense	8	<b>(5,294)</b>	(7,747)
Profit and total comprehensive income for the period	9	<b>27,800</b>	33,801
Profit and total comprehensive income for the period attributable to owners of the Company		<b>27,800</b>	33,801
Earnings per share – Basic ( <i>HK cents</i> )	11	<b>1.99</b>	2.71

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

*As at 30 September 2017*

		As at 30 September 2017 (Unaudited) <i>HK\$'000</i>	As at 31 March 2017 (Audited) <i>HK\$'000</i>
<b>Non-current assets</b>			
Property, plant and equipment		17,097	11,188
Deferred tax assets		9,122	4,883
		<b>26,219</b>	16,071
<b>Current assets</b>			
Trade and other receivables	12	104,741	124,950
Amounts due from customers for contract work		78,747	54,549
Bank balances and cash		112,355	38,940
		<b>295,843</b>	218,439
<b>Total assets</b>		<b>322,062</b>	234,510
<b>Current liabilities</b>			
Trade and other payables	13	55,778	85,548
Amounts due to customers for contract work		12,650	22,625
Amount due to ultimate holding company		293	150
Amount due to a director		–	105
Bank borrowings		30,033	27,527
Tax payable		16,592	10,869
		<b>115,346</b>	146,824
<b>Net current assets</b>		<b>180,497</b>	71,615
<b>Total assets less current liabilities</b>		<b>206,716</b>	87,686
<b>Non-current liabilities</b>			
Deferred tax liabilities		1,602	1,066
<b>Net assets</b>		<b>205,114</b>	86,620
<b>Capital and reserves</b>			
Share capital	14	15,000	–
Reserves		190,114	86,620
<b>Total equity</b>		<b>205,114</b>	86,620

## 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. BASIS OF PRESENTATION OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Pursuant to a group reorganisation (the “**Reorganisation**”), the Company became the holding company of the companies now comprising the Group on 27 May 2016. The Company and its subsidiaries have been under the common control of the Controlling Shareholders throughout the six months ended 30 September 2016 or since their respective dates of incorporation where this is a shorter period. The condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six months ended 30 September 2016 include the results, changes in equity and cash flows of the companies now comprising the Group as if the group structure under the Reorganisation had been in existence throughout the six months ended 30 September 2016 or since their respective dates of incorporation where this is a shorter period.

### 3. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis.

Except as described below, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 September 2017 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 31 March 2017.

In the current interim period, the Group has applied, for the first time, certain amendments to Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the HKICPA that are mandatorily effective for the current interim period.

The application of the amendments to HKFRSs in the current interim period has had no material effect on amounts reported in the condensed consolidated financial statements and/or disclosures set out in the condensed consolidated financial statements but additional disclosures about changes in liabilities arising from financing activities, including both change arising from cash flows and non-cash changes on application of amendments to Hong Kong Accounting Standard 7 “Disclosure Initiative” will be provided in the consolidated financial statements for the year ending 31 March 2018.

#### 4. 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 2017 (unaudited)*

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

##### *Six months ended 30 September 2016 (unaudited)*

	<b>Formwork works HK\$'000</b>	<b>Building construction works HK\$'000</b>	<b>Total HK\$'000</b>
<b>Revenue</b>			
External sales and segment revenue	<u>344,056</u>	<u>100</u>	<u>344,156</u>
Segment profit/(loss)	<u>48,619</u>	<u>(8)</u>	<u>48,611</u>
Interest income			1
Unallocated expenses			(6,996)
Finance costs			<u>(68)</u>
Profit before tax			<u>41,548</u>

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 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 <b>30 September</b> <b>2017</b> <b>(Unaudited)</b> <i>HK\$'000</i>	As at 31 March 2017 (Audited) <i>HK\$'000</i>
<b>Segment assets</b>		
Formwork works	<b>197,153</b>	184,919
Building construction works	<b>3,432</b>	3,432
Total segment assets	<b>200,585</b>	188,351
Unallocated	<b>121,477</b>	46,159
Consolidated assets	<b>322,062</b>	234,510
<b>Segment liabilities</b>		
Formwork works	<b>68,392</b>	107,711
Building construction works	<b>–</b>	8
Total segment liabilities	<b>68,392</b>	107,719
Unallocated	<b>48,556</b>	40,171
Consolidated liabilities	<b>116,948</b>	147,890

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

- All assets are allocated to operating segments other than bank balances and cash, deferred tax assets and unallocated corporate assets.
- All liabilities are allocated to operating segments other than bank borrowings, amount due to ultimate holding company, amount due to a director, tax payable, deferred tax liabilities and unallocated corporate liabilities.

## 5. OTHER INCOME

	<b>Six months ended 30 September</b>	
	<b>2017</b> <b>(Unaudited)</b> <i>HK\$'000</i>	2016 (Unaudited) <i>HK\$'000</i>
Interest income from bank deposits	<b>88</b>	1
Interest income from a related company	<b>12</b>	–
Sales of scrap materials	<b>69</b>	131
Sundry income	<b>175</b>	133
	<b>344</b>	265

## 6. OTHER GAIN/(LOSS)

	Six months ended 30 September	
	2017	2016
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Net foreign exchange gain/(loss)	<u>6</u>	<u>(10)</u>

## 7. FINANCE COSTS

	Six months ended 30 September	
	2017	2016
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Interest expense on:		
Bank loans and overdrafts	419	24
Obligation under finance lease	<u>–</u>	<u>44</u>
	<u>419</u>	<u>68</u>

## 8. INCOME TAX EXPENSE

	Six months ended 30 September	
	2017	2016
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Current tax:		
Hong Kong Profits Tax	8,997	7,480
Deferred tax:		
Origination and reversal of temporary differences	<u>(3,703)</u>	<u>267</u>
	<u>5,294</u>	<u>7,747</u>

Hong Kong Profits Tax is calculated at 16.5% (2016: 16.5%) on the estimated assessable profit for the period.

## 9. PROFIT FOR THE PERIOD

Profit for the period has been arrived at after charging:

	Six months ended 30 September	
	2017	2016
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Depreciation of property, plant and equipment	1,635	484
Staff costs (including director's emoluments)	160,230	171,021
Minimum lease payments under operating leases	2,180	5,173
Listing expenses	<u>4,814</u>	<u>5,557</u>

## 10. 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.

## 11. EARNINGS PER SHARE

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

	<b>Six months ended 30 September</b>	
	<b>2017</b>	<b>2016</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
<b>Earnings</b>		
Earnings for the purpose of basic earnings per share (Profit for the period attributable to owners of the Company)	<b>27,800</b>	33,801
	<b><u>27,800</u></b>	<u>33,801</u>
<b>Number of shares</b>		
Weighted average number of ordinary shares for the purpose of basic earnings per share	<b>1,394,098,361</b>	1,245,000,000
	<b><u>1,394,098,361</u></b>	<u>1,245,000,000</u>

The weighted average number of ordinary shares for the purpose of basic earnings per share for the periods ended 30 September 2017 and 2016 has 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 periods ended 30 September 2017 and 2016 were presented as there were no potential ordinary shares in issue for both periods.

## 12. TRADE AND OTHER RECEIVABLES

	<b>As at</b>	<b>As at</b>
	<b>30 September</b>	<b>31 March</b>
	<b>2017</b>	<b>2017</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Trade receivables	<b>66,087</b>	87,136
Retention money receivables	<b>38,061</b>	35,191
Prepayments		
– Prepaid listing expenses	–	2,336
– Others	<b>30</b>	4
Deposits and other receivables	<b>563</b>	283
	<b><u>104,741</u></b>	<u>124,950</u>

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:

	<b>As at 30 September 2017 (Unaudited) HK\$'000</b>	<b>As at 31 March 2017 (Audited) HK\$'000</b>
0–30 days	44,494	87,105
31–60 days	13,173	20
Over 60 days	8,420	11
	<b>66,087</b>	<b>87,136</b>

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:

	<b>As at 30 September 2017 (Unaudited) HK\$'000</b>	<b>As at 31 March 2017 (Audited) HK\$'000</b>
Retention money receivables after 1 year	31,962	28,674

### 13. TRADE AND OTHER PAYABLES

	<b>As at 30 September 2017 (Unaudited) HK\$'000</b>	<b>As at 31 March 2017 (Audited) HK\$'000</b>
Trade payables	13,214	11,136
Accruals and other payables		
– Accrued salaries	28,559	35,874
– Accrued sub-contracting fee	9,912	24,459
– Others	4,093	14,079
	<b>55,778</b>	<b>85,548</b>



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:

	<b>As at 30 September 2017 (Unaudited) HK\$'000</b>	<b>As at 31 March 2017 (Audited) HK\$'000</b>
0–30 days	5,875	4,846
31–60 days	3,153	3,736
61–90 days	2,895	1,524
Over 90 days	1,291	1,030
	<u>13,214</u>	<u>11,136</u>

#### 14. SHARE CAPITAL

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

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **FINANCIAL REVIEW**

#### **Revenue**

During the six months ended 30 September 2017, there were 35 projects contributing revenue of approximately HK\$326.9 million, whereas a revenue of HK\$344.2 million for the corresponding period in 2016 was contributed by 37 projects. The decrease of revenue in 2017 was mainly due to keen competition in the industry as a result of the decrease in the actual construction of private residential units as mentioned in the paragraph of “Outlook and Prospects” in this report and the slow-down of several constructions projects during the six months ended 30 September 2017.

The business of the Group remained to be primarily focusing in the Hong Kong market during the six months ended 30 September 2017.

#### **Gross profit and gross profit margin**

During the six months ended 30 September 2017, the Group’s gross profit decreased by approximately HK\$3.6 million or 6.7% from approximately HK\$54.6 million for the six months ended 30 September 2016 to approximately HK\$51.0 million for the six months ended 30 September 2017. The decrease in gross profit was mainly resulted from the decrease in the number of projects taken up by the Group during the period. Details are set out in the section headed “Revenue” above.

The Group’s gross profit margin slightly decreased from approximately 15.9% for the six months ended 30 September 2016 to approximately 15.6% for the six months ended 30 September 2017.

#### **Other income**

Other income increased by approximately HK\$79,000 from approximately HK\$265,000 for the six months ended 30 September 2016 to approximately HK\$344,000 for the six months ended 30 September 2017, representing an increase of approximately 29.8%. Such increase was mainly attributable to the increase in bank interest income generated from the proceeds of the Listing.

#### **Other gains or losses**

Other gains or losses increased by approximately HK\$16,000 from the loss of approximately HK\$10,000 for the six months ended 30 September 2016 to the gain of approximately HK\$6,000 for the six months ended 30 September 2017, representing an increase of approximately 160.0%. Such increase was mainly attributable to the net foreign exchange gain incurred during the six months ended 30 September 2017.

## **Administrative expenses**

Administrative expenses increased from approximately HK\$13,286,000 million for the six months ended 30 September 2016 to approximately HK\$17,847,000 for the six months ended 30 September 2017, representing an increase of approximately 34.3%. Such increase was mainly attributable to the increase in salaries, the professional fee for post-listing activities and the non-recurring expenses in relation to the celebration for the Listing. Staff costs of approximately HK\$8.3 million was recorded for the six months ended 30 September 2017 compared to approximately HK\$5.9 million for the six months ended 30 September 2016. The professional fee for post-listing activities and the non-recurring expenses in relation to the celebration for the Listing was approximately HK\$3.4 million for the six months ended 30 September 2017.

## **Finance costs**

Finance costs increased from approximately HK\$68,000 for six months ended 30 September 2016 to approximately HK\$419,000 for the six months ended 30 September 2017, representing an increase of approximately 516.2%. Such increase was mainly attributable to the increase in interest expense on existing and new bank loans drawdown during the six months ended 30 September 2017.

## **Income tax**

Income tax expenses decreased to approximately HK\$5.3 million for the six months ended 30 September 2017 compared to approximately HK\$7.7 million for six months ended 30 September 2016. Such decrease was mainly due to the decrease in assessable profits of the Group during the six months ended 30 September 2017. The Group's effective tax rate was approximately 18.6% for the six months ended 30 September 2016 and approximately 16.0% for the six months ended 30 September 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\$33.8 million for the six months ended 30 September 2016 as compared to approximately HK\$27.8 million for the six months ended 30 September 2017.

## **CORPORATE FINANCE AND RISK MANAGEMENT**

### **Liquidity and financial resources**

As at 30 September 2017, the Group had unpledged bank balances and cash of approximately HK\$112.4 million as compared with HK\$38.9 million as at 31 March 2017. The increase was mainly due to the proceeds received from the Listing during the six months ended 30 September 2017.

The bank borrowing of the Group as at 30 September 2017 was approximately HK\$30.0 million (31 March 2017: approximately HK\$27.5 million). The gearing ratio is calculated based on the amount of total debts, which include bank borrowings, amount due to a director and amount due to ultimate holding company, divided by total equity. The gearing ratio of the Group as at 30 September 2017 was approximately 14.8% (31 March 2017: approximately 32.1%), as a result of the Listing during the six months ended 30 September 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**

At 30 September 2017, the variable-rate bank borrowings are secured by (i) an unlimited corporate guarantee by the Company; (ii) a corporate guarantee of HK\$15,000,000 by the Company and (iii) charge over the Group's trade receivables and retention money receivables with an aggregate amount of approximately HK\$104.1 million.

### **Capital commitments**

As at 30 September 2017, the Group had approximately HK\$1,462,000 off-balance sheet capital commitments for the acquisition of motor vehicles.

### **Contingent liabilities**

As at 30 September 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 has not engaged in any derivative contracts to hedge its exposure to foreign exchange risk during the six months ended 30 September 2017.

## EMPLOYEES AND REMUNERATION POLICIES

As at 30 September 2017, the Group employed 946 employees in Hong Kong (31 March 2017: 1,310 employees). Remuneration packages are reviewed based on their performance, experience and the prevailing industry practice. The Group may pay a discretionary bonus to its employees based on individual performance in recognition of their contribution and hard work. In addition to salary payments and discretionary bonuses, the Group also provides other employment benefits provident fund and educational subsidies to eligible staff. The total remuneration cost recognised in profit or loss for the six months ended 30 September 2017 was approximately HK\$160.2 million compared to approximately HK\$171.0 million for the six months ended 30 September 2016.

## 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 2017 is as below.

	Estimated net proceeds <i>HK\$ million</i>	Adjusted use of proceeds <i>HK\$ million</i>	Amount utilised up to 30 September 2017 <i>HK\$ million</i>	Unutilised balance up to 30 September 2017 <i>HK\$ million</i>
Acquire additional machineries and equipment	33.0	32.8	5.3	27.5
Purchase aluminium formwork systems	21.5	21.3	–	21.3
Invest in human resources	9.7	9.6	0.5	9.1
Additional rental expense for leasing of a warehouse	4.3	4.3	–	4.3
General working capital	7.1	7.0	3.6	3.4
Total	<u>75.6</u>	<u>75.0</u>	<u>9.4</u>	<u>65.6</u>

The unused amount of the net proceeds of approximately HK\$65.6 million was deposited into licensed banks in Hong Kong.

## OUTLOOK AND PROSPECT

The performance of the Group has been being adversely affected due to the following reasons:

- (1) During the period, the early stage of several major infrastructure formwork works in Hong Kong have substantially been completed. Consequently, the competition in the building formwork industry has become even keener and the market share might be 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, hence reduce the profit margin of new building formwork contracts awarded; and
- (2) According to the “Statistics on Private Housing Supply in Primary Market” released by the Transport and Housing Bureau, Hong Kong Special Administrative Region Government in October 2017, the number of actual construction of private residential units till the 3rd quarter of 2016 has significantly decreased from 19,100 units to 9,300 units for the corresponding period in 2017.

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, 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 2017 Annual Report, 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 2017, the Group has undertaken more formwork works for construction works for public housing.

The revenue generated from the private sector projects accounted for approximately HK\$236.7 million for the six months ended 30 September 2017 (2016: approximately HK\$306.9 million), which represents approximately 72.4% of the total revenue of the Group (2016: approximately 89.2%). The revenue generated from the public sector projects accounted for approximately HK\$90.2 million for the six months ended 30 September 2017 (2016: approximately HK\$37.3 million), which represents approximately 27.6% of the total revenue of the Group (2016: approximately 10.8%).

## **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 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 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 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 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 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 during the period from the Date of Listing.

## **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](http://www.hkexnews.hk)) and the Company's website ([www.kinshingholdings.com.hk](http://www.kinshingholdings.com.hk)). The interim report for the six months ended 30 September 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.

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

Hong Kong, 30 November 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.*