



**2017/18**  
Interim Report

**Kin Shing Holdings Limited**  
**建成控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

Stock code: 1630



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# CORPORATE INFORMATION

## DIRECTORS

### Executive Directors

Mr. Leung Chi Kit (Chairman)  
Ms. Tso Yuk Ching  
Mr. Chow Dik Cheung (Chief executive Officer)  
Mr. Chan Sik Mau

### Independent Non-Executive Directors

Mr. Chang Chun Pong  
Mr. Tsui Leung Cho  
Mr. Lam Kai Yeung

## AUDIT COMMITTEE

Mr. Lam Kai Yeung (Chairman)  
Mr. Chang Chun Pong  
Mr. Tsui Leung Cho

## REMUNERATION COMMITTEE

Mr. Chang Chun Pong (Chairman)  
Mr. Leung Chi Kit  
Ms. Tso Yuk Ching  
Mr. Tsui Leung Cho  
Mr. Lam Kai Yeung

## NOMINATION COMMITTEE

Mr. Leung Chi Kit (Chairman)  
Ms. Tso Yuk Ching  
Mr. Chang Chun Pong  
Mr. Tsui Leung Cho  
Mr. Lam Kai Yeung

## COMPANY SECRETARY

Mr. Chow Kit Ting

## AUTHORISED REPRESENTATIVES

Mr. Leung Chi Kit  
Mr. Chow Kit Ting

## REGISTERED OFFICE IN THE CAYMAN ISLANDS

P.O. Box 1350  
Clifton House  
75 Fort Street  
Grand Cayman  
KY1-1108  
Cayman Islands

## HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

Unit D, 9/F  
Billion Plaza 2  
10 Cheung Yue Street  
Cheung Sha Wan  
Kowloon  
Hong Kong

## CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Estera Trust (Cayman) Limited  
P.O. Box 1350  
Clifton House  
75 Fort Street  
Grand Cayman  
KY1-1108  
Cayman Islands

## HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited  
Level 22  
Hopewell Centre  
183 Queen's Road East  
Hong Kong

## LEGAL ADVISERS

TC & Co., Solicitors, Hong Kong

## COMPLIANCE ADVISOR

Dakin Capital Limited

## AUDITOR

HLB Hodgson Impey Cheng Limited

## PRINCIPAL BANKER

The Bank of East Asia, Limited  
DBS Bank (HK) Limited  
Bank of China (Hong Kong) Limited

## STOCK CODE

1630

## WEBSITE

<http://www.kinshingholdings.com.hk>

# CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the board (the “**Board**”) of directors (the “**Directors**”) of Kin Shing Holdings Limited (the “**Company**”) and its subsidiaries (collectively the “**Group**”), I am pleased to present the first interim report of the Group for the six months ended 30 September 2017 since the listing (the “**Listing**”) of the shares of the Company on the Main Board of the Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 16 June 2017 (the “**Date of Listing**”).

## REVIEW

The Group is principally engaged in the provision of formwork works with an insignificant portion from building construction works (including concrete works and finishes works). We categorise our formwork works into (i) traditional timber formwork by using timber and plywood; and (ii) metal formwork system by using aluminium and metal, in terms of the materials mainly used in the formwork works. Since the Listing, there has been no significant change in the business operations of the Group.

The total revenue of our Group decreased by approximately HK\$17.3 million or 5.0% from approximately HK\$344.2 million for the six months ended 30 September 2016 to approximately HK\$326.9 million for the six months ended 30 September 2017. Our Group's profit attributable to owners of the Company decreased by HK\$6.0 million or 17.8% to approximately HK\$27.8 million compared to approximately HK\$33.8 million for the corresponding period of 2016.

During the six months ended 30 September 2017, the Group had been awarded 13 contracts with total contract sum of approximately HK\$434.1 million during the period under review, including 2 contracts that consist of formwork works and other ancillary services, such as reinforcement fixing and concrete placing.

## INTERIM DIVIDEND

The Board does not propose the payment of an interim dividend for the six months ended 30 September 2017 (2016: nil).

## 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.

# CHAIRMAN'S STATEMENT

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%).

## 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 continuous commitment and contribution, and to all our shareholders, customers, subcontractors, suppliers and business partners for their endless support, and to maintain the good relationship with the Group.

**Leung Chi Kit**

*Chairman*

Hong Kong, 30 November 2017

# 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 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.

# MANAGEMENT DISCUSSION AND ANALYSIS

## FINANCIAL REVIEW *(Continued)*

### **Finance costs**

Finance costs increased from approximately HK\$68,000 for the 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 the 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.

# MANAGEMENT DISCUSSION AND ANALYSIS

## CORPORATE FINANCE AND RISK MANAGEMENT *(Continued)*

### **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 to 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.



# MANAGEMENT DISCUSSION AND ANALYSIS

## 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 HK\$ million	Adjusted use of proceeds HK\$ million	Amount utilised up to 30 September 2017 HK\$ million	Unutilised balance up to 30 September 2017 HK\$ million
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
<b>Total</b>	<b>75.6</b>	<b>75.0</b>	<b>9.4</b>	<b>65.6</b>

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

## OTHER INFORMATION

### 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 report, 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.

## OTHER INFORMATION

### DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 September 2017, interests and short positions in the Shares, underlying Shares and debentures of the Company and any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (“SFO”)) held by the Directors and chief executive of the Company which have been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which were taken or deemed to have under such provisions of the SFO) or have been entered in the register maintained by the Company pursuant to section 352 of the SFO, or otherwise have been notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) in Appendix 10 to the Listing Rules are as follows:

#### (i) Long position in the Shares

Name of Director	Capacity/Nature of interest	Number of Shares held	Approximate percentage of Company's issued share capital
Mr. Leung Chi Kit (“Mr. Leung”)	Interest in controlled corporation (Note 1)	1,125,000,000	75%
Ms. Tso Yuk Ching (“Ms. Tso”)	Family interest (Note 2)	1,125,000,000	75%

Notes:

- Five Continental Enterprise Limited (“Five Continental”) is legally interested in 1,125,000,000 Shares upon Listing. As 85% of the shareholding interest of Five Continental is owned by Mr. Leung, Mr. Leung is deemed to be interested in the Shares held by Five Continental under the SFO.
- Ms. Tso is the spouse of Mr. Leung. Accordingly, Ms. Tso is deemed to be interested in the Shares in which Mr. Leung has interest under the SFO.

#### (ii) Long position in Five Continental, an associated corporation of the Company

Name of Director	Capacity/Nature	Percentage of shareholding
Mr. Leung	Beneficial owner (Note)	85%
Ms. Tso	Family interest (Note)	85%

Note: Mr. Leung is the spouse of Ms. Tso. Accordingly, Ms. Tso is deemed to be interested in the Shares in which Mr. Leung has interest under the SFO.

## OTHER INFORMATION

### SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES

So far as is known to the Directors and taking no account any Shares which may be issued upon exercise of any options which may be granted under the Scheme, the following persons (not being a Director or chief executive of the Company) have interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or, who are, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company or any other member of the Group:

Name	Capacity/Nature of interest	Number of Shares/underlying Shares held	Percentage of Company's issued share capital
Mr. Chow Siu Yu ("Mr. Chow") (Note 1)	Interest in controlled corporation; interests held jointly with other people	1,125,000,000	75%
Five Continental (Note 2)	Beneficial owner	1,125,000,000	75%

Notes:

1. On 5 August 2016, Mr. Leung, Ms. Tso and Mr. Chow entered into a Concert Parties Confirmatory Deed (as defined in the Prospectus dated 31 May 2017) to acknowledge and confirm, among other things, that they are parties acting in concert in respect of (i) Leung Pui Form Mould & Engineering Co., Limited ("**Leung Pui**") and Ho Yip Construction Company Limited ("**Ho Yip**") since the incorporation of Leung Pui and Ho Yip and (ii) each of the members of our Group upon the Listing Date and will continue so as of and after the date of the Concert Parties Confirmatory Deed. As such, pursuant to the parties acting in concert arrangement, each of Mr. Leung, Ms. Tso and Mr. Chow is deemed to be interested in 75% of the issued share capital of our Company.
2. Five Continental is owned as to 85% by Mr. Leung and 15% by Mr. Chow, who is the uncle of the Executive Director Mr. Chow Dik Cheung. As Ms. Tso is the spouse of Mr. Leung, Ms. Tso is deemed to be interested in the shares of Five Continental held by Mr. Leung. Accordingly, Ms. Tso is deemed to be interested in the Shares held by Five Continental under the SFO.

### 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.

### SHARE OPTION SCHEME

The Company has adopted a share option scheme (the "**Share Option Scheme**") on 23 May 2017 to enable the Company to grant share options to eligible persons so as to recognize and acknowledge the contributions they have or may made to the Group. Since the listing of the Shares, no share option had been granted under the Share Option Scheme.

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

For the six months ended 30 September 2017

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

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2017

	<i>Notes</i>	As at 30 September 2017 (Unaudited) HK\$'000	As at 31 March 2017 (Audited) HK\$'000
<b>Non-current assets</b>			
Property, plant and equipment	12	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	13	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	14	55,778	85,548
Amounts due to customers for contract work		12,650	22,625
Amount due to ultimate holding company	15	293	150
Amount due to a director	16	–	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

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2017

	<i>Notes</i>	As at 30 September 2017 (Unaudited) HK\$'000	As at 31 March 2017 (Audited) HK\$'000
<b>Capital and reserves</b>			
Share capital	17	15,000	–
Reserves		190,114	86,620
<b>Total equity</b>		<b>205,114</b>	<b>86,620</b>

# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2017

	Share capital HK\$'000	Share premium HK\$'000	Other reserve HK\$'000 (Note)	Retained profits HK\$'000	Total HK\$'000
As at 1 April 2016 (audited)	140	–	–	21,909	22,049
Profit and total comprehensive income for the period	–	–	–	33,801	33,801
Effect of the Reorganisation	(140)	–	140	–	–
As at 30 September 2016 (unaudited)	–	–	140	55,710	55,850
As at 1 April 2017 (audited)	–	–	140	86,480	86,620
Profit and total comprehensive income for the period	–	–	–	27,800	27,800
Issue of new shares	2,550	94,350	–	–	96,900
Expenses incurred in connection with issue of new shares	–	(6,206)	–	–	(6,206)
Capitalisation issue	12,450	(12,450)	–	–	–
As at 30 September 2017 (unaudited)	15,000	75,694	140	114,280	205,114

Note: Other reserve represents the difference between the nominal value of the aggregate share capital of the subsidiaries acquired upon the Reorganisation and the consideration paid for the acquisition.



# CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2017

	<b>Six months ended 30 September</b>	
	<b>2017 (Unaudited) HK\$'000</b>	<b>2016 (Unaudited) HK\$'000</b>
Net cash (used in)/generated from operating activities	<b>(11,960)</b>	619
Net cash used in investing activities	<b>(7,444)</b>	(6,784)
Net cash generated from financing activities	<b>92,819</b>	4,104
Net increase/(decrease) in cash and cash equivalents	<b>73,415</b>	(2,061)
Cash and cash equivalents at the beginning of the period	<b>38,940</b>	40,209
Cash and cash equivalents at the end of the period	<b>112,355</b>	38,148
Represented by:		
Bank balances and cash	<b>112,355</b>	38,148

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2017

## 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 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.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2017

## 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)

	Formwork works HK\$'000	Building construction works HK\$'000	Total HK\$'000
<b>Revenue</b>			
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

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2017

## 4. SEGMENT INFORMATION *(Continued)* Segment revenue and results *(Continued)*

Six months ended 30 September 2016 (unaudited)

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

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.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2017

## 4. SEGMENT INFORMATION *(Continued)*

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

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2017

## 5. OTHER INCOME

	Six months ended 30 September	
	2017 (Unaudited) HK\$'000	2016 (Unaudited) HK\$'000
Interest income from bank deposits	88	1
Interest income from a related company ( <i>note 18</i> )	12	–
Sales of scrap materials	69	131
Sundry income	175	133
	<b>344</b>	<b>265</b>

## 6. OTHER GAIN/(LOSS)

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

## 7. FINANCE COSTS

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

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2017

## 8. INCOME TAX EXPENSE

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

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 (Unaudited) HK\$'000	2016 (Unaudited) HK\$'000
Depreciation of property, plant and equipment	1,635	484
Staff costs (including directors' emoluments)	160,230	171,021
Minimum lease payments under operating leases	2,180	5,173
Listing expenses	4,814	5,557

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2017

## 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 (Unaudited) HK\$'000</b>	<b>2016 (Unaudited) 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>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

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. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT

During the current interim period, the Group paid approximately HK\$7,544,000 (2016: HK\$5,804,000) for acquisition of tools.



# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2017

## 13. TRADE AND OTHER RECEIVABLES

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

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 2017 (Unaudited) HK\$'000	As at 31 March 2017 (Audited) HK\$'000
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>

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2017

## 13. TRADE AND OTHER RECEIVABLES *(Continued)*

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

## 14. TRADE AND OTHER PAYABLES

	As at 30 September 2017 (Unaudited) HK\$'000	As at 31 March 2017 (Audited) HK\$'000
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>

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2017

### 14. TRADE AND OTHER PAYABLES *(Continued)*

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 2017 (Unaudited) HK\$'000	As at 31 March 2017 (Audited) HK\$'000
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
	<b>13,214</b>	<b>11,136</b>

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

	As at 30 September 2017 (Unaudited) HK\$'000	As at 31 March 2017 (Audited) HK\$'000
King Fu Plastic Products Limited ("King Fu")	2,058	2,433

King Fu is owned as to 50% by Mr. Tso Kwong Wa and 50% by Ms. Wong Siu Fong, who are the brother and sister-in-law of Ms. Tso Yuk Ching, the director of the Company, respectively.

### 15. AMOUNT DUE TO ULTIMATE HOLDING COMPANY

The amount due to ultimate holding company is non-trade nature, unsecured, interest-free and repayable on demand.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2017

## 16. AMOUNT DUE TO A DIRECTOR

	As at 30 September 2017 (Unaudited) HK\$'000	As at 31 March 2017 (Audited) HK\$'000
Mr. Leung Chi Kit	–	105

The amount due to a director is non-trade nature, unsecured, interest-free and repayable on demand.

## 17. SHARE CAPITAL

	Number of shares	Amount HK\$'000
<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
At 30 September 2017 (unaudited)	<b>3,120,000,000</b>	<b>31,200</b>
<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
At 30 September 2017 (unaudited)	<b>1,500,000,000</b>	<b>15,000</b>

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2017

## 17. SHARE CAPITAL (Continued)

Notes:

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

## 18. CONNECTED AND RELATED PARTY TRANSACTIONS

### (a) Transactions with connected or related parties

During the current interim period, the Group entered into the following significant transactions with connected or related parties:

Name of connected/ related party	Nature of transaction	Six months ended 30 September	
		2017 (Unaudited) HK\$'000	2016 (Unaudited) HK\$'000
King Fu	Purchases of tools and raw materials	6,062	4,821
Hoover Construction & Engineering Limited (note (i))	Contract revenue from formwork works and building construction works	707	5,100
Five Dragons Properties Limited (note (ii))	Rent	303	303
San Yip Decoration Company Limited (note (iii))	Interest income on loan receivable	12	–

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2017

## 18. CONNECTED AND RELATED PARTY TRANSACTIONS *(Continued)*

### (a) Transactions with connected or related parties *(Continued)*

Notes:

- (i) Hoover Construction & Engineering Limited is a company in which Mr. Chow Siu Yu, one of the Controlling Shareholders, has significance influence.
- (ii) Five Dragons Properties Limited is a company in which Mr. Leung Chi Kit and Ms. Tso Yuk Ching, the directors of the Company, have beneficial interests.
- (iii) San Yip Decoration Company Limited is a company controlled by Mr. Leung Chi Kit, the director of the Company.

### (b) Outstanding balances with connected or related parties

Details of outstanding balances with the connected or related parties of the Group at the end of the reporting period are set out in notes 14, 15 and 16.

### (c) Guarantees provided by related party

At 31 March 2017, the bank borrowings are secured by an unlimited personal guarantee from Mr. Leung Chi Kit and a personal guarantee of HK\$15,000,000 from Mr. Leung Chi Kit. These personal guarantees from Mr. Leung Chi Kit were released during the current period.

### (d) Compensation to key management personnel

Compensation to key management personnel of the Group which represents directors of the Company, during the period are as follows:

	<b>Six months ended 30 September</b>	
	<b>2017 HK\$'000 (Unaudited)</b>	<b>2016 HK\$'000 (Unaudited)</b>
Short-term benefits	4,277	3,331
Post-employment benefits	36	36
	<b>4,313</b>	<b>3,367</b>

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2017

## 19. CAPITAL COMMITMENT

	As at 30 September 2017 (Unaudited) HK\$'000	As at 31 March 2017 (Audited) HK\$'000
Capital expenditure in respect of the acquisition of motor vehicles contracted for but not provided in the condensed consolidated financial statements	1,462	–