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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 ANNUAL RESULTS**  
**FOR THE YEAR ENDED 31 MARCH 2023**

The board of directors (the “**Board**”) of Kin Shing Holdings Limited (the “**Company**”) is pleased to announce the audited consolidated results of the Company and its subsidiaries (the “**Group**”) for the year ended 31 March 2023 together with comparative figures in 2022 as follows:

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

*For the year ended 31 March 2023*

	<i>Notes</i>	<b>2023</b> <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Revenue	3	<b>474,768</b>	600,863
Direct costs		<b>(459,502)</b>	(592,318)
Gross profit		<b>15,266</b>	8,545
Other income	5	<b>20,624</b>	4,188
Other (loss)/gain	6	<b>(4)</b>	6
Impairment losses under expected credit loss model, net of reversal	7	<b>154</b>	(1,640)
Administrative expenses		<b>(21,135)</b>	(20,595)
Finance costs	8	<b>(3,018)</b>	(3,001)
Profit/(Loss) before tax		<b>11,887</b>	(12,497)
Income tax expense	9	<b>–</b>	–
Profit/(Loss) and total comprehensive income/(expense) for the year	10	<b>11,887</b>	(12,497)
Profit/(Loss) and total comprehensive income/(expense) for the year attributable to owners of the Company		<b>11,887</b>	(12,497)
<b>Earnings/(Loss) per share</b>	11		
– Basic (HK cents)		<b>0.79</b>	(0.83)

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2023

	<i>Notes</i>	<b>2023</b> <i>HK\$'000</i>	2022 <i>HK\$'000</i>
<b>Non-current assets</b>			
Property, plant and equipment		<b>19,270</b>	23,395
Right-of-use assets		<b>3,194</b>	4,538
Deposits for acquisition of property, plant and equipment	<i>13</i>	<b>5,801</b>	–
		<b>28,265</b>	27,933
<b>Current assets</b>			
Trade and other receivables	<i>13</i>	<b>83,215</b>	56,704
Contract assets		<b>96,772</b>	126,088
Financial assets at fair value through profit or loss		<b>67,251</b>	32,073
Tax recoverable		<b>6</b>	57
Cash and cash equivalents		<b>150,451</b>	136,421
		<b>397,695</b>	351,343
<b>Total assets</b>		<b>425,960</b>	379,276
<b>Current liabilities</b>			
Trade and other payables	<i>14</i>	<b>64,879</b>	58,257
Contract liabilities		<b>43,570</b>	17,005
Amount due to a related company		<b>147,823</b>	145,123
Amount due to a director		<b>256</b>	2
Lease liabilities		<b>2,520</b>	2,018
		<b>259,048</b>	222,405
<b>Net current assets</b>		<b>138,647</b>	128,938
<b>Total assets less current liabilities</b>		<b>166,912</b>	156,871
<b>Non-current liabilities</b>			
Lease liabilities		<b>801</b>	2,647
<b>Net assets</b>		<b>166,111</b>	154,224
<b>Capital and reserves</b>			
Share capital		<b>15,000</b>	15,000
Reserves		<b>151,111</b>	139,224
<b>Total equity</b>		<b>166,111</b>	154,224

# NOTES

## 1. GENERAL INFORMATION

The Company was incorporated as an exempted company with limited liability in the Cayman Islands on 6 April 2016. Its parent and ultimate holding company is Five Continental Enterprise Limited, 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 Company's shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 16 June 2017.

The Group is principally engaged in the provision of formwork works, building construction works and trading and investment business.

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

## 2. APPLICATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

### Amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") for the first time, which are mandatorily effective for the Group's annual period beginning on 1 April 2022 for the preparation of the consolidated financial statements:

Amendments to HKFRS 3	Reference to the Conceptual Framework
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018-2020

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

### 3. REVENUE

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

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Provision of formwork works and related ancillary works	<u>474,768</u>	<u>600,863</u>

### 4. SEGMENT INFORMATION

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

1. Formwork works – Provision of formwork works and related ancillary works
2. Building construction works – Provision of building construction works
3. Trading and investment business – Investing in financial instruments

#### Segment revenue and results

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

#### *For the year ended 31 March 2023*

	Formwork works <i>HK\$'000</i>	Building construction works <i>HK\$'000</i>	Trading and investment business <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>Revenue</b>				
External sales and segment revenue	<u>474,768</u>	<u>–</u>	<u>–</u>	<u>474,768</u>
Segment profit/(loss)	<u>19,072</u>	<u>(8)</u>	<u>3,023</u>	22,087
Interest income				26
Unallocated income				48
Unallocated expenses				(7,256)
Finance costs				<u>(3,018)</u>
Profit before tax				<u>11,887</u>

For the year ended 31 March 2022

	Formwork works <i>HK\$'000</i>	Building construction works <i>HK\$'000</i>	Trading and investment business <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>Revenue</b>				
External sales and segment revenue	<u>600,863</u>	<u>–</u>	<u>–</u>	<u>600,863</u>
Segment (loss)/profit	<u>(1,591)</u>	<u>(16)</u>	<u>1,919</u>	312
Interest income				1
Unallocated expenses				(9,809)
Finance costs				<u>(3,001)</u>
Loss before tax				<u>(12,497)</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 certain interest income, central administration costs and finance costs. This is the measure reported to the chief operating decision maker for the purposes of resources allocation and performance assessment.

There were no sales transactions between the operating segments.

## Segment assets and liabilities

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

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
<b>Segment assets</b>		
Formwork works	208,097	210,570
Building construction works	–	–
Trading and investment business	<u>129,336</u>	<u>128,276</u>
Total segment assets	337,433	338,846
Unallocated	<u>88,527</u>	<u>40,430</u>
Consolidated assets	<u><b>425,960</b></u>	<u><b>379,276</b></u>
<b>Segment liabilities</b>		
Formwork works	110,349	78,620
Building construction works	8	8
Trading and investment business	<u>20</u>	<u>20</u>
Total segment liabilities	110,377	78,648
Unallocated	<u>149,472</u>	<u>146,404</u>
Consolidated liabilities	<u><b>259,849</b></u>	<u><b>225,052</b></u>

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

- all assets are allocated to operating segments other than certain cash and cash equivalents, tax recoverable and unallocated corporate assets.
- all liabilities are allocated to operating segments other than amount due to a related company, amount due to a director and unallocated corporate liabilities.

## Other segment information

*For the year ended 31 March 2023*

	Formwork works <i>HK\$'000</i>	Building construction works <i>HK\$'000</i>	Trading and investment business <i>HK\$'000</i>	Total <i>HK\$'000</i>
<i>Amounts included in the measure of segment profit or loss or segment assets:</i>				
Additions to non-current assets ( <i>Note</i> )	9,917	–	–	9,917
Depreciation	15,386	–	–	15,386
Impairment losses on trade receivables recognised in profit or loss	576	–	–	576
Impairment losses on deposits and other receivables reversed in profit or loss	(608)	–	–	(608)
Impairment losses on contract assets reversed in profit or loss	(122)	–	–	(122)
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

*For the year ended 31 March 2022*

	Formwork works <i>HK\$'000</i>	Building construction works <i>HK\$'000</i>	Trading and investment business <i>HK\$'000</i>	Total <i>HK\$'000</i>
<i>Amounts included in the measure of segment profit or loss or segment assets:</i>				
Additions to non-current assets ( <i>Note</i> )	10,005	–	–	10,005
Depreciation	18,705	–	–	18,705
Impairment losses on trade receivables reversed in profit or loss	(277)	–	–	(277)
Impairment losses on other receivables recognised in profit or loss	1,068	–	–	1,068
Impairment losses on contract assets recognised in profit or loss	849	–	–	849
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

*Note:* Non-current assets excluded deferred tax assets.

## Geographical information

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

## Information about major customers

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

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Customer A <sup>1</sup>	322,286	274,232
Customer B <sup>1</sup>	N/A <sup>2</sup>	169,458
Customer C <sup>1</sup>	<u>56,228</u>	<u>N/A<sup>2</sup></u>

<sup>1</sup> Revenue from Formwork works.

<sup>2</sup> The corresponding revenue did not contribute over 10% of the total revenue of the Group.

## 5. OTHER INCOME

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Interest income from cash and cash equivalents	832	285
Dividends received from financial assets at fair value through profit or loss	1,883	–
Fair value changes on financial assets at fair value through profit or loss	559	1,803
Government grants ( <i>Note</i> )	16,578	–
Rental income	–	2,034
Others	<u>772</u>	<u>66</u>
	<u>20,624</u>	<u>4,188</u>

*Note:* For the year ended 31 March 2023, the Group recognised government grants of approximately HK\$16,578,000 in respect of COVID-19 relates to Employment Support Scheme provided by the Hong Kong SAR Government.

## 6. OTHER (LOSS)/GAIN

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Net foreign exchange (loss)/gain	<u>(4)</u>	<u>6</u>

## 7. IMPAIRMENT LOSSES UNDER EXPECTED CREDIT LOSS MODEL, NET OF REVERSAL

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Impairment losses recognised/(reversed) on:		
Trade receivables	576	(277)
Deposits and other receivables	(608)	1,068
Contract assets	(122)	849
	<u>(154)</u>	<u>1,640</u>

## 8. FINANCE COSTS

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Interest expense on:		
Lease liabilities	318	301
Amount due to a related company	2,700	2,700
	<u>3,018</u>	<u>3,001</u>

## 9. INCOME TAX EXPENSE

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Current tax:		
Hong Kong Profits Tax	<u>-</u>	<u>-</u>

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No.7) Bill 2017 (the “**Bill**”) which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day. Under the two-tiered profits tax rates regime, the first HK\$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%. Accordingly, the Hong Kong profits tax of the qualifying group entity is calculated at 8.25% on the first HK\$2 million of the estimated assessable profits and at 16.5% on the estimated assessable profits above HK\$2 million.

No provision for Hong Kong Profits Tax has been made in the consolidated financial statements as the Group companies has no assessable profits arising in or derived from Hong Kong or have sufficient tax losses brought forward to set off against the current year’s estimated assessable profits for the years ended 31 March 2023 and 2022.

## 10. PROFIT/(LOSS) FOR THE YEAR

Profit/(Loss) for the year has been arrived at after charging:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Employee benefits expense (including directors' emoluments)		
– Salaries and other benefits in kind	168,204	225,008
– Contributions to retirement benefits schemes	<u>7,606</u>	<u>10,785</u>
Total staff costs	<u>175,810</u>	<u>235,793</u>
Depreciation of property, plant and equipment	13,100	16,284
Depreciation of right-of-use assets	<u>2,286</u>	<u>2,421</u>
Total depreciation	<u>15,386</u>	<u>18,705</u>
Auditors' remuneration	<u><u>740</u></u>	<u><u>740</u></u>

## 11. EARNINGS/(LOSS) PER SHARE

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

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Profit/(Loss) for the year attributable to owners of the Company	<u><u>11,887</u></u>	<u><u>(12,497)</u></u>
<b>Number of shares</b>		
Weighted average number of ordinary shares for the purpose of basic earnings/(loss) per share	<u><u>1,500,000</u></u>	<u><u>1,500,000</u></u>

No diluted earnings/(loss) per share for the years ended 31 March 2023 and 2022 were presented as there were no potential ordinary shares in issue for both years.

## 12. DIVIDENDS

No dividend was paid or proposed for ordinary shareholders of the Company during the year ended 31 March 2023, nor has any dividend been proposed since the end of the reporting period (2022: Nil).

## 13. TRADE AND OTHER RECEIVABLES

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Trade receivables	63,677	34,394
Less: Allowance for credit losses	<u>(692)</u>	<u>(116)</u>
	<b>62,985</b>	34,278
Deposits and other receivables	26,336	23,339
Less: Allowance for credit losses	<u>(460)</u>	<u>(1,068)</u>
	<b>25,876</b>	22,271
Prepayments	<u>155</u>	<u>155</u>
	<b><u>89,016</u></b>	<b><u>56,704</u></b>
Categorised as:		
Current portion	83,215	56,704
Non-current portion	<u>5,801</u>	<u>–</u>
	<b><u>89,016</u></b>	<b><u>56,704</u></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 net of allowance for credit losses at the end of the reporting period, presented based on the progress payment certificate date:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
0-30 days	48,624	23,575
31-60 days	12,266	6,856
Over 60 days	<u>2,095</u>	<u>3,847</u>
	<b><u>62,985</u></b>	<b><u>34,278</u></b>

#### 14. TRADE AND OTHER PAYABLES

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Trade payables	16,792	13,491
Accruals and other payables		
– Accrued salaries	27,167	21,487
– Accrued sub-contracting fee	8,851	11,063
– Others	12,069	12,216
	<u>64,879</u>	<u>58,257</u>

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:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
0-30 days	5,740	5,789
31-60 days	9,365	1,241
61-90 days	439	3,599
Over 90 days	1,248	2,862
	<u>16,792</u>	<u>13,491</u>

## MANAGEMENT DISCUSSION AND ANALYSIS

### FINANCIAL HIGHLIGHTS

- Revenue of the Group for the year ended 31 March 2023 amounted to approximately HK\$474,768,000 (2022: approximately HK\$600,863,000).
- Profit attributable to the equity shareholders of the Company for the year ended 31 March 2023 amounted to approximately HK\$11,887,000 (2022: Loss attributable to the equity shareholders of the Company approximately HK\$12,497,000).
- Basic earnings per share for the year ended 31 March 2023 amounted to approximately 0.79 HK cents (2022: Basic loss per share approximately 0.83 HK cents).

### BUSINESS REVIEW

The Group is principally engaged in the provision of formwork works with an insignificant portion from building construction works (including concrete works and finishes works) and investing in financial instruments. Based on the materials used in the formwork works, we categorise our formwork works into (i) traditional timber formwork by using timber and plywood; and (ii) metal formwork system by using aluminium and metals.

During the year ended 31 March 2023, formwork works contributed approximately HK\$474,768,000 to the Group's revenue (2022: formwork works contributed approximately HK\$600,863,000).

The Group predominately engaged in erecting formworks for construction works in private residential and commercial buildings during the year ended 31 March 2023. In recent years, in order to diversify the scope in different kinds of construction projects, the Group had also engaged in formwork works for construction works in public housing. As such, the construction projects undertaken by us include both public-sector projects (including projects where the ultimate employer(s) are Government departments and statutory bodies) and private sector projects (including projects where the ultimate employer(s) are property developer(s) and land owner(s)). During the year ended 31 March 2023, the revenue generated from private sector projects accounted for approximately HK\$405,461,000 (2022: approximately HK\$558,254,000), representing approximately 85.4% (2022: approximately 92.9%), of the total revenue of the Group, and approximately HK\$69,307,000 (2022: approximately HK\$42,609,000), representing approximately 14.6% (2022: approximately 7.1%), of the total revenue of the Group were generated from public sector projects undertaken by us.

During the year ended 31 March 2023, there were 12 customers who contributed a total revenue of approximately HK\$474,768,000, whereas there were 18 customers who contributed a total revenue of approximately HK\$600,863,000 for the corresponding period in 2022.

## PROSPECT

Looking forward, it is foreseeable that the intensified market competition, challenges and uncertainties in the costs of staff, materials and subcontracting fees will continue to plague the formwork works industry. In response to the dynamic business environment and to overcome these unfavorable factors, the Group will continue to diversify the scope in different types of construction projects and the customer base to minimise the market risk. For the trading and investment business, the Group expects that the market in year 2023 and 2024 will remain challenging and demanding. The competitive and volatile operating environment in the financial industry in Hong Kong will continue to exert pressure on the market. Despite the foregoing, the Group will continue to pursue long-term business and profitability growth in line with its corporate mission and goals. The Group will continue to adopt prudent capital management and liquidity risk management to preserve adequate buffer to meet the challenges ahead.

## FINANCIAL REVIEW

### Revenue

The business of the Group primarily focused in Hong Kong during the year ended 31 March 2023.

During the year ended 31 March 2023, there were 29 projects which contributed revenue of approximately HK\$474,768,000, whereas revenue for the corresponding period of 2022 of approximately HK\$600,863,000 was contributed by 50 projects. The decrease of revenue in 2023 was mainly due to the decrease in the number of projects which revenue has been recognised for the reporting period and projects delayed due to on-site situation and arrangements.

Set out below is a breakdown of the Group's projects based on their respective revenue recognised during the year ended 31 March 2023 and 2022.

	<b>2023</b>	2022
	<i>No. of projects</i>	<i>No. of projects</i>
<b>Revenue recognised</b>		
Over HK\$100,000,001	<b>2</b>	1
HK\$50,000,001 to HK\$100,000,000	<b>2</b>	1
HK\$10,000,001 to HK\$50,000,000	<b>5</b>	12
HK\$1,000,000 to HK\$10,000,000	<b>9</b>	21
Below HK\$1,000,000	<b>11</b>	15
	<hr/> <b>29</b> <hr/>	<hr/> 15 <hr/>
	<b>29</b>	<b>50</b>

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

During the year ended 31 March 2023, the Group's gross profit increased by approximately HK\$6,721,000 or approximately 78.7% from approximately HK\$8,545,000 for the year ended 31 March 2022 to approximately HK\$15,266,000 for the year ended 31 March 2023.

The Group's gross profit margin increased from approximately 1.4% for the year ended 31 March 2022 to approximately 3.2% for the year ended 31 March 2023. The increase in the gross profit was mainly due to the price of wood materials and steel had returned to a reasonable price level since the market supply returned stable during the reporting period. Overall, the Group still suffers in a low gross profit margin mainly resulted from the increase in wages of experienced workers due to limited supply of experienced workers in the market, the additional costs caused by the unexpected changes to the on-site arrangements and the keen competition for new formwork works contracts in the market.

## **Other income**

Other income increased by approximately HK\$16,436,000 from approximately HK\$4,188,000 for the year ended 31 March 2022 to approximately HK\$20,624,000 for the year ended 31 March 2023, representing an increase of approximately 392.5%. Such increase was mainly attributable to the receipt of subsidies from the Employment Support Scheme under the Anti Epidemic Fund set up by the Hong Kong SAR Government.

## **Other loss**

For the year ended 31 March 2023, the other loss of the Group were approximately HK\$4,000, while other gain of the Group were approximately HK\$6,000 in 2022. Such changes was mainly due to the net foreign exchange.

## **Administrative expenses**

Administrative expenses increased from approximately HK\$20,595,000 for the year ended 31 March 2022 to approximately HK\$21,135,000 for the year ended 31 March 2023, representing an increase of approximately 2.6%. Such increase was mainly attributable to the increase in daily headquarter's expenses.

## **Finance costs**

Finance costs increased from approximately HK\$3,001,000 for the year ended 31 March 2022 to approximately HK\$3,018,000 for the year ended 31 March 2023, representing an increase of approximately 0.57%. Such increase was mainly attributable to the increase in interest on lease liabilities.

## **Income tax**

No income tax expense has been recognised for the year ended 31 March 2023 and 31 March 2022. This was mainly due to an operating loss has been recognised during 2022 and a adjusted loss has been recognised during the reporting period due to the receipt of the government grants of subsidiaries from the Employment Support Scheme under the Anti Epidemic Fund was tax exempted.

## **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\$11,887,000 for the year ended 31 March 2023 as compared to that loss attributable to the equity shareholders of the Company amounted to approximately HK\$12,497,000 for the year ended 31 March 2022. Such change from loss to profit for the year ended 31 March 2023 was mainly attributable to the receipt of the government grants of subsidies from the Employment Support Scheme under the Anti Epidemic Fund set up by the Hong Kong SAR Government. However, apart from such government grants, the consolidated net loss for the year ended 31 March 2023 was diminished as compared to the corresponding year in 2022.

## **CORPORATE FINANCE AND RISK MANAGEMENT**

### **Liquidity and financial resources**

As at 31 March 2023, the Group had cash and cash equivalents of approximately HK\$150,451,000 as compared with that of approximately HK\$136,421,000 as at 31 March 2022.

The Group did not have any bank borrowings as at 31 March 2023 and 2022. The gearing ratio is calculated based on the amount of the total debts, which include, amount due to a director, amount due to a related company and lease liabilities, divided by the total equity. The gearing ratio of the Group as at 31 March 2023 is approximately 91.1% (2022: approximately 97.1%).

### **Funding and treasury policy**

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

### **Pledge of assets**

As at 31 March 2023, the Group did not pledge its assets.

## **Material acquisitions and disposals of subsidiaries, associates and joint ventures**

As at 31 March 2023, the Group had no material acquisitions or disposals of subsidiaries, associates and joint ventures.

## **Capital commitments**

As at 31 March 2023, the Group had approximately HK\$9,322,000 of off-balance sheet capital commitments in respect of the acquisition of property, plant and equipment.

## **Contingent liabilities**

As at 31 March 2023, the Group had no material contingent liabilities.

## **Litigation and claims**

In August 2022, one of the Group's subsidiary issued a claim letter to a supplier regarding the compensation claims due to the delay of delivery of materials. The compensation claims included the extra cost for transportation, warehouse, labour and materials costs amounted to approximately to HK\$20,716,000. The supplier did not agree the Group's claims after negotiation but claimed that the Group has breached the exclusive terms entered into between both parties and the Group failed to settle the long-outstanding bills of approximately HK\$9,798,000 (the "Outstanding Bills"), the supplier therefore filed a Writ of Summons and Statement of Claim to High Court of the HKSAR, Court of First Instance (Case number HCA 1556/2022) in November 2022. As of the reporting date, the supplier had submitted the Case Management Summon and will enter the mediation procedures. The Group has sought for a legal opinion on the above case, as it is still in early stage and subject to further development on the mediation process, therefore, the Group has yet to confirm the probability and make any estimation of the compensation claims or if liable to the settlement of the Outstanding Bills.

## Significant Investments Held by the Group

Name of the investment	Number of shares held as at 31 March 2023	Percentage of shareholding as at 31 March 2023 %	Investment Costs HK\$'000	Fair value as at 31 March 2023 HK\$'000	Change in fair value for the year ended 31 March 2023 HK\$'000	Size as compared to the Group's total assets as at 31 March 2023 %	Total amount of dividends received for the year ended 31 March 2023 HK\$'000
Hong Kong Exchanges and Clearing Limited (Stock code: 388) (“ <b>HKEX</b> ”)	100,000	0.0079	32,449	34,820	1,556	8.17	714
China Construction Bank Corporation (Stock code: 939) (“ <b>CCB</b> ”)	1,000,000	0.0004	5,028	5,090	(50)	1.19	153
China Mobile Limited (Stock code: 941) (“ <b>CM</b> ”)	75,000	0.0004	3,890	4,770	709	1.12	313
BOC Hong Kong (Holdings) Limited (Stock code: 2388) (“ <b>BOC</b> ”)	300,000	0.0028	8,400	7,335	(1,575)	1.72	339
CLP Holdings Limited (Stock code: 0002) (“ <b>CLP</b> ”)	50,000	0.0020	3,849	2,835	(983)	0.67	155
Swire Properties Limited (Stock code: 1972) (“ <b>Swire</b> ”)	100,000	0.0017	1,918	2,020	74	0.47	96
New World Development Company Limited (Stock code: 0017) (“ <b>NWD</b> ”)	30,000	0.0012	884	632	(324)	0.15	62
Ping An Insurance (Group) Company of China Limited (Stock code: 2318) (“ <b>Ping An</b> ”)	150,000	0.0020	6,426	7,665	1,112	1.80	51
HKT Trust and HKT Limited (Stock code: 6823) (“ <b>HKT</b> ”)	200,000	0.0010	2,044	2,084	40	0.49	–

## **Description of the investments**

HKEX is a recognised exchange controller under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong). HKEX operates the only recognised stock and futures markets in Hong Kong through its wholly-owned subsidiaries and is the frontline regulator of listed issuers in Hong Kong.

CCB is a joint-stock company incorporated in the PRC with limited liability and its H shares are listed on the main board of the Stock Exchange. CCB is a commercial bank and operates its businesses in domestic and overseas markets through corporate banking businesses, including corporate deposit, corporate credit loan, asset custody, enterprise annuity, trading financing, international settlement, international financing and value-added services, among others, personal banking businesses, including personal deposit, loan, bank card services, private bank services, foreign exchange trading and gold trading services, among others, and capital business.

CM is a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Main Board of Stock Exchange. China Mobile Group is a leading telecommunications services provider in mainland China.

BOC is a company incorporated in Hong Kong with limited liability and its shares are listed on the Main Board of the Stock Exchange. The principal activities of BOC and its subsidiaries are the provision of banking and related financial services.

CLP is a company listed on the Hong Kong Stock Exchange, is the holding company for the CLP Group, one of the largest investor-owned power businesses in Asia Pacific. Through CLP Power Hong Kong Limited, it operates a vertically-integrated electricity supply business providing a highly-reliable supply of electricity to 80% of Hong Kong's population.

Swire is a property developer, owner and operator of mixed-use, principally commercial properties in Hong Kong and Mainland China. The company founded and headquartered in Hong Kong in 1972, Swire is a major property developer in Hong Kong, and is listed on the Stock Exchange of Hong Kong.

NWD is a Hong Kong-based company focused on property, hotels, infrastructure and services and department stores. The company is publicly listed on the Stock Exchange of Hong Kong Limited.

Ping An is a Chinese holding conglomerate whose subsidiaries mainly deal with insurance, banking, asset management, financial services, healthcare, auto services and smart city. The company was founded in 1988 and is headquartered in Shenzhen. Its shares are listed on the Main Board of the Stock Exchange.

HKT, also known as Hong Kong Telecom, is one of the largest telecommunications companies in Hong Kong. It has a dominant position in fixed line, mobile, IDD and broadband services in Hong Kong. The company along with HKT Trust, is a pair of listed corporations in the Hong Kong Stock Exchange.

As at 31 March 2023, except the investment in HKEX, none of each individual underlying investment of the above mentioned investments constitutes 5% or above of the total assets of the Group. For details of investment in HKEX, please refer to the announcement of the company dated 25 April 2022.

### **Foreign exchange risk**

The Group mainly operates in Hong Kong and the majority of its operating transactions such as revenue, expenses, monetary assets and liabilities are denominated in Hong Kong dollars. As such, the Directors are of the view that the Group's risk in foreign exchange is insignificant and that we should have sufficient resources to meet foreign exchange requirements as and if they arise. Therefore, the Group did not engaged in any derivative contracts to hedge its exposure to foreign exchange risk during the year ended 31 March 2023.

### **Principal risk and uncertainty**

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

1. The Group derives its revenue mainly from projects which are non-recurrent in nature, and there is no guarantee that the customers will provide us with new business or that we can secure new contracts.
2. The Group determines the contract price based on the estimated time and costs involved in the project. Inaccurate estimation or ineffective cost management may adversely affect the Group's financial results.
3. Any significant increase in construction material costs and/or the occurrence of any substandard construction materials may have adverse impacts on the financial results of the Group.
4. Construction litigation and disputes may adversely affect the Group's performance.
5. The Group's liquidity position may be adversely affected if the progress payment or the retention money is not paid or released to the Group on time or in full or the construction project cash flows are fluctuated.

## **RELATIONSHIPS WITH EMPLOYEES, CUSTOMERS AND SUPPLIERS**

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

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

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

## **EMPLOYEES AND REMUNERATION POLICIES**

As at 31 March 2023, the Group employed 883 employees in Hong Kong (2022: 941 employees). Remuneration packages are reviewed based on their performance, experience and the prevailing industry practice. The Group may pay a discretionary bonus to its employees based on individual performance in recognition of their contribution and hard work. In addition to salary payments and discretionary bonuses, the Group also provides the eligible staff other employment benefits, provident fund and educational subsidies. The total remuneration cost incurred by the Group which included headquarters' staffs and workers for the year ended 31 March 2023 was approximately HK\$175,810,000 compared to approximately HK\$235,793,000 for the year ended 31 March 2022.

## USE OF PROCEEDS FROM THE COMPANY'S INITIAL PUBLIC OFFERING

The shares of the Company have been listed and traded on the Main Board of the Stock Exchange since 16 June 2017 (the “**Listing**”). The net proceeds (after deducting the underwriting fees, commissions and all related expenses) from the Listing amounted to approximately HK\$75.0 million. After the Listing, these net proceeds have been and will be utilised in accordance with the future plans and use of proceeds as set out in the prospectus of the Company dated 31 May 2017.

The Company had utilised all the net proceeds of approximately HK\$75.0 million and there are no unutilised net proceeds as at 31 March 2023.

Details of the utilisation of the net proceeds raised by the Company from the date of Listing up to 31 March 2023 are stated below:

	Planned use of net proceeds <i>HK\$ million</i>	Amount utilised up to 31 March 2022 <i>HK\$ million</i>	Amount utilised during the year ended 31 March 2023 <i>HK\$ million</i>	Amount utilised up to 31 March 2023 <i>HK\$ million</i>	Unutilised balance up to 31 March 2023 <i>HK\$ million</i>
Acquire additional machineries and equipment	32.8	31.9	0.9	32.8	–
Purchase aluminum formwork systems	21.3	21.3	–	21.3	–
Invest in human resources	9.6	9.6	–	9.6	–
Additional rental expense for leasing of a warehouse	4.3	4.3	–	4.3	–
General working capital	7.0	7.0	–	7.0	–
	<u>75.0</u>	<u>74.1</u>	<u>0.9</u>	<u>75.0</u>	<u>–</u>

## ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group considers that a stringent quality assurance system and strong commitment to work's quality, safety, occupational health and environmental management are crucial in delivering quality works to the customers on a timely basis. Therefore, the Group has implemented a stringent management system to regulate the work's quality, safety and environmental management standards, which comply with international standards.

During the year ended 31 March 2023, there is no material breach of or non-compliance with applicable laws and regulations by the Group in respect of environmental issues that have significant impact on the business and operations of the Group.

## **COMPLIANCE WITH LAWS AND REGULATIONS**

During the year ended 31 March 2023, the Group was fined for a total sum of HK\$19,600 in respect of two summon for violation of certain regulations under the Construction Sites (Safety) Regulations and Factories and Industrial Undertakings (Safety Management) Regulations.

The Directors consider that these violations are independent and isolated incidents. During the year ended 31 March 2023, save as disclosed above or otherwise in this announcement, the Group has complied with all applicable laws and regulations in Hong Kong in all material aspects for the business operation of the Group. During the year ended 31 March 2023, the Group has also obtained all the licenses, permits or certificates which are necessary to conduct its business operation in Hong Kong.

## **EVENTS AFTER THE REPORTING PERIOD**

There is no material subsequent event undertaken by the Group after 31 March 2023 and up to the date of this announcement.

## **FINAL DIVIDEND**

The Board does not recommend the payment of final dividend for the year ended 31 March 2023.

## **CLOSURE OF REGISTER OF MEMBERS**

The annual general meeting of the Company is scheduled to be held on Friday, 18 August 2023. For determining the entitlement to attend and vote at the annual general meeting, the register of members of the Company will be closed from Tuesday, 15 August 2023 to Friday, 18 August 2023 (both days inclusive), during which period no share transfers will be registered. In order to be eligible to attend and vote at the annual general meeting, all transfer forms accompanied by relevant share certificates must be lodged with Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong by no later than 4:30 p.m. on Monday, 14 August 2023.

## **PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SECURITIES**

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

## **CORPORATE GOVERNANCE**

### **Model Code for Securities Transactions by Directors**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuer (the “**Model Code**”) set out in Appendix 10 of the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”). All Directors of the Company have confirmed that they have complied with the required standard set out in the Model Code throughout the year ended 31 March 2023.

### **Compliance with the Code on Corporate Governance Practices**

The Company has adopted the code provisions (the “**Code Provision(s)**”) and certain recommend best practices contained in part 2 – Principles of Good Corporate Governance, Code Provisions and Recommend Best Practices (the “**Corporate Governance Code**”) set out in Appendix 14 to the Listing Rules as the code of the Company. The Board also reviews and monitors the practices of the Company from time to time with an aim to maintain and improve the Company’s standards of corporate governance practices.

Details of the Company’s corporate governance policies and practices will be discussed in the Company’s 2023 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. Wong Yuk Lun Alan and Mr. Lam Wai Hung. Mr. Lam Kai Yeung is the chairman of the Audit Committee.

The Audit Committee has reviewed with the management of the Company the accounting principles and policies adopted by the Group, and the consolidated financial statements of the Group for the year ended 31 March 2023. It has also discussed the financial reporting process and the risk management and internal control systems of the Company with the management. The Audit Committee has also reviewed and discussed the audit, risk management, internal control and financial reporting matters of the Group, including review of the financial statements for the year ended 31 March 2023.

## **SCOPE OF WORK OF HLB HODGSON IMPEY CHENG LIMITED**

The figures in respect of the Group's consolidated statement of financial position as at 31 March 2023, and the consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 March 2023 as set out in this announcement have been agreed by the Group's auditor, HLB Hodgson Impey Cheng Limited, to the amounts set out in the Group's audited consolidated financial statements for the year ended 31 March 2023. The work performed by HLB Hodgson Impey Cheng Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by HLB Hodgson Impey Cheng Limited on this announcement.

## **PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT**

This announcement will be published on the respective websites of Hong Kong Exchanges and Clearing Limited ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company's website ([www.kinshingholdings.com.hk](http://www.kinshingholdings.com.hk)). The annual report for the year ended 31 March 2023 containing all the information required by the Listing Rules will be published on the websites of the Company and Hong Kong Exchanges and Clearing Limited and despatched to the shareholders in due course.

## **APPRECIATION**

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

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

Hong Kong, 30 June 2023

*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. Wong Yuk Lun Alan, Mr. Lam Wai Hung and Mr. Lam Kai Yeung are the Independent non-executive Directors.*