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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 2022

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 2022 together with comparative figures in 2021 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2022

	<i>Notes</i>	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Revenue	3	600,863	523,949
Direct costs		(592,318)	(519,666)
Gross profit		8,545	4,283
Other income	5	4,188	23,757
Other gain	6	6	16
Impairment losses under expected credit loss model, net of reversal	7	(1,640)	215
Administrative expenses		(20,595)	(21,355)
Finance costs	8	(3,001)	(2,796)
(Loss)/Profit before tax		(12,497)	4,120
Income tax expense	9	–	(1,489)
(Loss)/Profit and total comprehensive (expense)/income for the year	10	(12,497)	2,631
(Loss)/Profit and total comprehensive (expense)/income for the year attributable to owners of the Company		(12,497)	2,631
(Loss)/Earnings per share	11		
— Basic (HK cents)		(0.83)	0.18

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2022

	<i>Notes</i>	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Non-current assets			
Property, plant and equipment		23,395	34,923
Right-of-use assets		<u>4,538</u>	<u>1,710</u>
		<u>27,933</u>	<u>36,633</u>
Current assets			
Trade and other receivables	13	56,704	82,644
Contract assets		126,088	80,660
Financial assets at fair value through profit or loss		32,073	–
Tax recoverable		57	4,572
Cash and cash equivalents		<u>136,421</u>	<u>186,621</u>
		<u>351,343</u>	<u>354,497</u>
Total assets		<u>379,276</u>	<u>391,130</u>
Current liabilities			
Trade and other payables	14	58,257	75,066
Contract liabilities		17,005	4,971
Amount due to a related company		145,123	142,423
Amount due to a director		2	212
Lease liabilities		<u>2,018</u>	<u>1,271</u>
		<u>222,405</u>	<u>223,943</u>
Net current assets		<u>128,938</u>	<u>130,554</u>
Total assets less current liabilities		<u>156,871</u>	<u>167,187</u>
Non-current liabilities			
Lease liabilities		<u>2,647</u>	466
Net assets		<u>154,224</u>	<u>166,721</u>
Capital and reserves			
Share capital		15,000	15,000
Reserves		<u>139,224</u>	<u>151,721</u>
Total equity		<u>154,224</u>	<u>166,721</u>

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 NEW AND 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 2021 for the preparation of the consolidated financial statements:

Amendment to HKFRS 16	Covid-19-Related Rent Concessions
Amendment to HKFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform — Phase 2

The application of the amendments to HKFRSs in the current year 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:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Provision of formwork works and related ancillary works	600,863	523,909
Provision of building construction works	—	40
	<u>600,863</u>	<u>523,949</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

Following the changes of reporting structure, the number of operating segment in the Group was increased from two to three during the year ended 31 March 2022 due to the setup of investment committee of the Group. Segment information presented a comparative information in these consolidated financial statements have been restated to reflect the current reporting structure of the Group.

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 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>
Revenue				
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>	<u>312</u>
Interest income				<u>1</u>
Unallocated expenses				<u>(9,809)</u>
Finance costs				<u>(3,001)</u>
Loss before tax				<u>(12,497)</u>

For the year ended 31 March 2021

	Formwork works <i>HK\$'000</i>	Building construction works <i>HK\$'000</i>	Trading and investment business <i>HK\$'000</i> (restated)	Total <i>HK\$'000</i>
Revenue				
External sales and segment revenue	<u>523,909</u>	<u>40</u>	<u>–</u>	<u>523,949</u>
Segment profit	<u>16,236</u>	<u>31</u>	<u>752</u>	<u>17,019</u>
Unallocated expenses				<u>(10,103)</u>
Finance costs				<u>(2,796)</u>
Profit before tax				<u>4,120</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.

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i> (restated)
Segment assets		
Formwork works	210,570	199,788
Building construction works	–	–
Trading and investment business	<u>128,276</u>	<u>130,322</u>
Total segment assets	338,846	330,110
Unallocated	<u>40,430</u>	<u>61,020</u>
Consolidated assets	<u><u>379,276</u></u>	<u><u>391,130</u></u>
Segment liabilities		
Formwork works	78,620	78,686
Building construction works	8	8
Trading and investment business	<u>20</u>	<u>12</u>
Total segment liabilities	78,648	78,706
Unallocated	<u>146,404</u>	<u>145,703</u>
Consolidated liabilities	<u><u>225,052</u></u>	<u><u>224,409</u></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 2022

	Formwork works HK\$'000	Building construction works HK\$'000	Trading and investment business HK\$'000	Total HK\$'000
<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>849</u>	<u>–</u>	<u>–</u>	<u>849</u>

For the year ended 31 March 2021

	Formwork works HK\$'000	Building construction works HK\$'000	Trading and investment business HK\$'000 (restated)	Total HK\$'000
<i>Amounts included in the measure of segment profit or loss or segment assets:</i>				
Additions to non-current assets (<i>Note</i>)	29,795	–	–	29,795
Depreciation	15,132	–	–	15,132
Impairment losses on trade receivables reversed in profit or loss	(140)	–	–	(140)
Impairment losses on contract assets reversed in profit or loss	(75)	–	–	(75)
	<u>(75)</u>	<u>–</u>	<u>–</u>	<u>(75)</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:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Customer A ¹	274,232	164,492
Customer B ¹	169,458	67,082
Customer C ¹	N/A ²	59,780
Customer D ¹	N/A ²	53,246
Customer E ¹	N/A ²	58,602
Customer F ¹	N/A ²	81,571

¹ Revenue from Formwork works.

² The corresponding revenue did not contribute over 10% of the total revenue of the Group.

5. OTHER INCOME

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Interest income from cash and cash equivalents	285	819
Fair value change on financial assets at fair value through profit or loss	1,803	–
Governments grants (<i>Note</i>)	–	21,745
Rental income	2,034	1,106
Others	66	87
	<u>4,188</u>	<u>23,757</u>

Note: For the year ended 31 March 2021, the Group recognised government grants of approximately HK\$21,745,000 in respect of COVID-19 related subsidies, of which approximately HK\$21,675,000 relates to Employment Support Scheme provided by the Hong Kong SAR Government.

6. OTHER GAIN

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Net foreign exchange gain	<u>6</u>	<u>16</u>

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

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Impairment losses recognised/(reversed) on:		
Trade receivables	(277)	(140)
Other receivables	1,068	–
Contract assets	849	(75)
	<u>1,640</u>	<u>(215)</u>

8. FINANCE COSTS

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Interest expense on:		
Lease liabilities	301	96
Amount due to a related company	2,700	2,700
	<u>3,001</u>	<u>2,796</u>

9. INCOME TAX EXPENSE

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Current tax:		
Hong Kong Profits Tax		
— Over provision in prior year	–	(5)
	–	(5)
Deferred tax		
Origination and reversal of temporary differences	–	1,494
	<u>–</u>	<u>1,489</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 has no assessable profits arising in or derived from Hong Kong for the year ended 31 March 2022 and 2021.

10. (LOSS)/PROFIT FOR THE YEAR

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

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Employee benefits expense (including directors' emoluments)		
— Salaries and other benefits in kind	225,008	185,500
— Contributions to retirement benefits schemes	<u>10,785</u>	<u>8,834</u>
Total staff costs	<u>235,793</u>	<u>194,334</u>
Depreciation of property, plant and equipment	16,284	12,649
Depreciation of right-of-use assets	<u>2,421</u>	<u>2,483</u>
Total depreciation	<u>18,705</u>	<u>15,132</u>
Auditors' remuneration	<u>740</u>	<u>740</u>

11. (LOSS)/EARNINGS PER SHARE

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

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
(Loss)/Profit for the year attributable to owners of the Company	<u>(12,497)</u>	<u>2,631</u>

	2022 <i>'000</i>	2021 <i>'000</i>
Number of shares		
Weighted average number of ordinary shares for the purpose of basic (loss)/earnings per share	<u>1,500,000</u>	<u>1,500,000</u>

No diluted (loss)/earnings per share for the years ended 31 March 2022 and 2021 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 2022, nor has any dividend been proposed since the end of the reporting period (2021: Nil).

13. TRADE AND OTHER RECEIVABLES

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Trade receivables	34,394	79,737
Less: Allowance for credit losses	<u>(116)</u>	<u>(393)</u>
	34,278	79,344
Deposits and other receivables	23,339	2,814
Less: Allowance for credit losses	<u>(1,068)</u>	<u>–</u>
	22,271	2,814
Prepayments	<u>155</u>	<u>486</u>
	<u><u>56,704</u></u>	<u><u>82,644</u></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 net of allowance for credit losses at the end of the reporting period, presented based on the progress payment certificate date:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
0–30 days	23,575	39,180
31–60 days	6,856	18,686
Over 60 days	<u>3,847</u>	<u>21,478</u>
	<u><u>34,278</u></u>	<u><u>79,344</u></u>

14. TRADE AND OTHER PAYABLES

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Trade payables	13,491	15,601
Accruals and other payables		
— Accrued salaries	21,487	26,251
— Accrued sub-contracting fee	11,063	25,233
— Others	12,216	7,981
	<u>58,257</u>	<u>75,066</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:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
0–30 days	5,789	10,766
31–60 days	1,241	3,664
61–90 days	3,599	868
Over 90 days	2,862	303
	<u>13,491</u>	<u>15,601</u>

15. COMPARATIVE FIGURES

Certain comparative figures are reclassified to conform with the current year's presentation.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL HIGHLIGHTS

- Revenue of the Group for the year ended 31 March 2022 amounted to approximately HK\$600,863,000 (2021: approximately HK\$523,949,000).
- Loss attributable to the equity shareholders of the Company for the year ended 31 March 2022 amounted to approximately HK\$12,497,000 (2021: Profit attributable to the equity shareholders of the Company approximately HK\$2,631,000).
- Basic loss per share for the year ended 31 March 2022 amounted to approximately 0.83 HK cents (2021: Basic earnings per share approximately 0.18 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 2022, formwork works contributed approximately HK\$600,863,000 to the Group's revenue (2021: formwork works contributed approximately HK\$523,909,000 and building constructing work contributed approximately HK\$40,000).

The Group predominately engaged in erecting formworks for construction works in private residential and commercial buildings during the year ended 31 March 2022. 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 2022, the revenue generated from private sector projects accounted for approximately HK\$558,254,000 (2021: approximately HK\$452,246,000), representing approximately 92.9% (2021: approximately 86.3%), of the total revenue of the Group, and approximately HK\$42,609,000 (2021: approximately HK\$71,703,000), representing approximately 7.1% (2021: approximately 13.7%), of the total revenue of the Group were generated from public sector projects undertaken by us.

During the year ended 31 March 2022, there were 18 customers who contributed a total revenue of approximately HK\$600,863,000, whereas there were 14 customers who contributed a total revenue of approximately HK\$523,949,000 for the corresponding period in 2021.

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 2022 and 2023 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 2022.

During the year ended 31 March 2022, there were 50 projects which contributed revenue of approximately HK\$600,863,000, whereas revenue for the corresponding period of 2021 of approximately HK\$523,949,000 was contributed by 42 projects. The increase of revenue in 2022 was mainly due to the increase in the number of projects which revenue has been recognised for the reporting period.

Set out below is a breakdown of the Group's projects based on their respective revenue recognised during the year ended 31 March 2022 and 2021.

	2022	2021
	<i>No. of projects</i>	<i>No. of projects</i>
Revenue recognised		
Over HK\$100,000,001	1	–
HK\$50,000,001 to HK\$100,000,000	1	5
HK\$10,000,001 to HK\$50,000,000	12	7
HK\$1,000,000 to HK\$10,000,000	21	15
Below HK\$1,000,000	15	15
	<hr/> 50 <hr/>	<hr/> 42 <hr/>

Gross profit and gross profit margin

During the year ended 31 March 2022, the Group's gross profit increased by approximately HK\$4,262,000 or approximately 99.5% from approximately HK\$4,283,000 for the year ended 31 March 2021 to approximately HK\$8,545,000 for the year ended 31 March 2022.

The Group's gross profit margin increased from approximately 0.8% for the year ended 31 March 2021 to approximately 1.4% for the year ended 31 March 2022. The increase in the gross profit was due to the Group's total amount of revenue has been increased by 14.7%. Overall, the Group still suffers in a low gross profit margin mainly resulted from the increase in the cost of wood materials due to shortage of supply, the additional cost of steel materials as requested by main contractors, 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 decreased by approximately HK\$19,569,000 from approximately HK\$23,757,000 for the year ended 31 March 2021 to approximately HK\$4,188,000 for the year ended 31 March 2022, representing a decrease of approximately 82.4%. Such decrease was mainly attributable to the absence of subsidies from the Employment Support Scheme under the Anti Epidemic Fund set up by the Hong Kong SAR Government.

Other gain

Other gain decreased by approximately HK\$10,000 from other gain approximately HK\$16,000 for the year ended 31 March 2021 to approximately HK\$6,000 for the year ended 31 March 2022. Such decrease was mainly due to the decrease in foreign exchange gain.

Administrative expenses

Administrative expenses decreased from approximately HK\$21,355,000 for the year ended 31 March 2021 to approximately HK\$20,595,000 for the year ended 31 March 2022, representing a decrease of approximately 3.6%. Such decrease was mainly attributable to the decrease in headquarter's staff salaries.

Finance costs

Finance costs increased from approximately HK\$2,796,000 for the year ended 31 March 2021 to approximately HK\$3,001,000 for the year ended 31 March 2022, representing an increase of approximately 7.3%. Such increase was mainly attributable to the increase in interest on lease liabilities.

Income tax

Income tax decreased by approximately HK\$1,489,000 from income tax expense of approximately HK\$1,489,000 for the year ended 31 March 2021 to no income tax expense for the year ended 31 March 2022. Such decrease was mainly due to an operating loss has been recognised during the reporting period.

Loss attributable to the equity shareholders of the Company

As a result of the foregoing, the loss attributable to the equity shareholders of the Company amounted to approximately HK\$12,497,000 for the year ended 31 March 2022 as compared to that profit attributable to the equity shareholders of the Company amounted to approximately HK\$2,631,000 for the year ended 31 March 2021. Such change from profit to loss for the year ended 31 March 2022 was mainly attributable to the absence 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 2022 was diminished as compared to the corresponding year in 2021.

CORPORATE FINANCE AND RISK MANAGEMENT

Liquidity and financial resources

As at 31 March 2022, the Group had cash and cash equivalents of approximately HK\$136,421,000 as compared with that of approximately HK\$186,621,000 as at 31 March 2021.

The Group did not have any bank borrowings as at 31 March 2022 and 2021. 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 2022 is approximately 97.1% (2021: approximately 86.6%).

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 2022, the Group did not pledge its assets.

Material acquisitions and disposals of subsidiaries, associates and joint ventures

As at 31 March 2022, the Group had no material acquisitions or disposals of subsidiaries, associates and joint ventures.

Capital commitments

As at 31 March 2022, the Group had no material capital commitments.

Contingent liabilities

As at 31 March 2022, the Group had no material contingent liabilities.

Significant Investments Held by the Group

Name of the investment	Number of shares held as at 31 March 2022	Percentage of shareholding as at 31 March 2022 %	Investment Costs HK\$'000	Fair value as at 31 March 2022 HK\$'000	Change in fair value for the year ended 31 March 2022 HK\$'000	Size as compared to the Group's total assets as at 31 March 2022 %	Total amount of dividends received for the year ended 31 March 2022 HK\$'000
Hong Kong Exchanges and Clearing Limited (Stock code: 388) (“HKEX”)	24,000	0.0019	8,099	8,914	815	2.35	–
China Construction Bank Corporation (Stock code: 939) (“CCB”)	400,000	0.0002	2,244	2,356	112	0.62	–
China Mobile Limited (Stock code: 941) (“CM”)	75,000	0.0004	3,890	4,061	171	1.07	–
BOC Hong Kong (Holdings) Limited (Stock code: 2388) (“BOC”)	300,000	0.0028	8,400	8,910	510	2.35	–
CLP Holdings Limited (Stock code: 0002) (“CLP”)	50,000	0.0020	3,849	3,817	(32)	1.01	–
Swire Properties Limited (Stock code: 1972) (“Swire”)	100,000	0.0017	1,918	1,946	28	0.51	–
New World Development Company Limited (Stock code: 0017) (“NWD”)	30,000	0.0012	884	956	72	0.25	–
Ping An Insurance (Group) Company of China Limited (Stock code: 2318) (“Ping An”)	20,000	0.0003	986	1,113	127	0.29	–

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 Properties 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. It shares are listed on the Main Board of the Stock Exchange.

As at 31 March 2022, none of each individual underlying investment of the above mentioned investments constitutes 5% or above of the total assets of the Group.

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 2022.

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 2022, the Group employed 941 employees in Hong Kong (2021: 1,198 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 2022 was approximately HK\$235,793,000 compared to approximately HK\$194,334,000 for the year ended 31 March 2021.

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.

Details of the utilisation of the net proceeds raised by the Company from the date of Listing up to 31 March 2022 are stated below:

	Planned use of net proceeds <i>HK\$ million</i>	Amount utilised up to 31 March 2021 <i>HK\$ million</i>	Amount utilised during the year ended 31 March 2022 <i>HK\$ million</i>	Amount utilised up to 31 March 2022 <i>HK\$ million</i>	Unutilised balance up to 31 March 2022 <i>HK\$ million</i>	Expected timeline
Acquire additional machineries and equipment	32.8	30.2	1.7	31.9	0.9	End of 2022
Purchase aluminum formwork systems	21.3	21.3	–	21.3	–	
Invest in human resources	9.6	9.0	0.6	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>71.8</u>	<u>2.3</u>	<u>74.1</u>	<u>0.9</u>	

The unutilised amount of the net proceeds of approximately HK\$0.9 million has been deposited into licensed banks in Hong Kong.

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group considers that a stringent quality assurance system and strong commitment to work's quality, safety, occupational health and environmental management are crucial in delivering quality works to the customers on a timely basis. Therefore, the Group 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 2022, 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 2022, the Group was fined for a total sum of HK\$16,000 in respect of one 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 2022, 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 2022, 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 2022 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 2022.

CLOSURE OF REGISTER OF MEMBERS

The annual general meeting of the Company is scheduled to be held on Friday, 19 August 2022. 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, 16 August 2022 to Friday, 19 August 2022 (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, 15 August 2022.

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 2022.

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 2022 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 2022. 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 2022.

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 2022, and the consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 March 2022 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 2022. The work performed by HLB Hodgson Impey Cheng Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by HLB Hodgson Impey Cheng Limited on this announcement.

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This announcement will be published on the respective websites of Hong Kong Exchanges and Clearing Limited (www.hkexnews.hk) and the Company's website (www.kinshingholdings.com.hk). The annual report for the year ended 31 March 2022 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 2022

As at the date of this announcement, Mr. Leung Chi Kit, Ms. Tso Yuk Ching, Mr. Chow Dik Cheung, Mr. Chan Sik Mau and Mr. Chiu Sin Nang, Kenny 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.