

**KIN SHING HOLDINGS LTD:  
MANAGEMENT NEEDED AN INJECTION OF CASH**

**And It Is Likely To Need Even More Cash !**

The prime reason that Kin Shing Holdings Ltd () (Code: 1630, Main Board, The Stock Exchange of Hongkong Ltd) went public on the premier equity market of the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC) was that it had little choice in the matter: It needed money in somewhat of a hurry.

Senior Management of this Company which is engaged in the creation of formwork works for the HKSAR construction industry, just about said this in its Share Offer Prospectus, published and disseminated on May 31, 2017.

At Pages 257 to 267 (11 Pages in all), Senior Management laid out its reasons for the listing of the Company on the Main Board of The Stock Exchange of Hongkong Ltd.

It stated, among other things:

***‘Necessity of fund raising through the Share Offer***

*‘Our Group has imminent funding needs for expansion of our business and it is imperative for our Company to seek a Listing due to the following reasons: (i) Expected growth in our Group’s business in view of our contracts on hand, newly awarded contracts, and outlook of the formwork works industry: Our Group’s business is expected to expand steadily taking into account our contracts on hand, the newly awarded contracts and the contracts we plan to submit for the year ending 31 March 2017 coupled with the continuous growth in the formwork works industry...*

*‘Capital input and upfront costs: We have to pay the start-up costs such as costs of materials, subcontracting fees and equipment and tooling expenses for certain start-up works including site establishment and scaffolding prior to receiving payment from our customers, who normally make progress payments to us after we have commenced our works, the cash flow requirement at the initial stage of our projects would constraint the number of projects that we could take under our then available resources. We normally receive invoices from our suppliers after their delivery of construction materials to us and we have to settle them within 0 to 60 days from the invoice date...*

*‘Our banking facilities having been utilised: Amongst the banking facilities of HK\$45.0 million as at the Latest Practicable Date (May 22, 2017), HK\$40.0 million have been utilised. As at 31 December 2016, our cash and cash equivalents amounted to approximately HK\$47.0 million. Referring to our direct costs for the nine months ended 31 December 2016, we required an average monthly payment of approximately HK\$54.9 million for direct costs, including payment to suppliers, subcontractors and staff costs. As such, our Directors consider that the current financial resources available to our Group is only sufficient for the present scale of our business turnover and there are imminent funding needs for our expected business growth...*

*‘Low bank balance and cash position: Given our Group’s cash outflow per month amounts to approximately HK\$54.9 million, our bank balance of HK\$38.9 million as at 31 March 2017 with bank borrowings of approximately HK\$27.5 million (based on the Company’s unaudited management accounts) is therefore below the said monthly cash outflow. Given the low bank balances and cash position, our Company will need to raise fund through the Share Offer to facilitate implementation of our future plans ... Since 1 December 2016, our Group had not declared any dividends to its shareholders due to our imminent funding need for business expansion. Though our Company had declared dividends of HK\$63.5 million for the year ended 31 March 2016 as paying cash dividends is a common way for a company to return capital to its shareholders out of the company’s earnings and/or accumulated profits, it served as an incentive and reward to our shareholders for their continuous effort and investment to our Group in the future. Regarding the dividend of HK\$63.5 million declared in the year ended 31 March 2016, parts of the interim dividend amounting to HK\$29.0 million was settled by way of offsetting against the outstanding amounts due from directors of our Company, and the remaining interim dividend amounting to HK\$34.5 million was paid in cash during the year ended 31 March 2016 from our Group’s internal resources...’.*

And so it went on ... and on ... and on.

In short ... [CLICK TO ORDER FULL ARTICLE](#)

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