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## **Kin Pang Holdings Limited**

### **建鵬控股有限公司**

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

**(Stock Code: 1722)**

## **UNAUDITED ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2021**

### **UNAUDITED ANNUAL RESULTS**

The board (the “Board”) of directors (the “Directors”) of Kin Pang Holdings Limited (the “Company”) is pleased to announce the unaudited consolidated financial information of the Company and its subsidiaries (collectively, the “Group”) for the year ended 31 December 2021 together with the comparative figures for the corresponding year ended 31 December 2020. For the reasons explained in the paragraph headed “Review of Unaudited Annual Results” in this announcement, the audit process for the annual results of the Group for the year ended 31 December 2021 has not been completed as at the date of this announcement.

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

*For the year ended 31 December 2021*

	<i>NOTES</i>	<b>2021</b> <i>MOP'000</i> <b>(Unaudited)</b>	2020 <i>MOP'000</i> <b>(Audited)</b>
Revenue	4	<b>1,040,660</b>	708,178
Direct costs		<b><u>(1,028,463)</u></b>	<u>(666,202)</u>
Gross profit		<b>12,197</b>	41,976
Other income, gain and loss	5	<b>1,023</b>	2,187
Impairment losses under expected credit loss model		<b>(1,465)</b>	(5,140)
Administrative expenses		<b>(27,418)</b>	(21,524)
Finance costs	6	<b><u>(2,534)</u></b>	<u>(1,280)</u>
(Loss) profit before tax		<b>(18,197)</b>	16,219
Income tax credit (expense)	7	<b><u>417</u></b>	<u>(3,332)</u>
(Loss) profit for the year	8	<b>(17,780)</b>	12,887
Other comprehensive expense for the year			
<i>Item that will not be reclassified to profit or loss:</i>			
Fair value loss on equity instrument at fair value through other comprehensive income ("FVTOCI")		<b><u>(1,850)</u></b>	<u>(6,905)</u>
(Loss) profit and total comprehensive (expense) income for the year		<b><u><u>(19,630)</u></u></b>	<u><u>5,982</u></u>
(Loss) profit for the year attributable to owners of the Company		<b><u><u>(17,780)</u></u></b>	<u><u>12,887</u></u>
(Loss) profit and total comprehensive (expense) income for the year attributable to owners of the Company		<b><u><u>(19,630)</u></u></b>	<u><u>5,982</u></u>
(Loss) earnings per share			
Basic ( <i>MOP cents</i> )	10	<b><u><u>(1.78)</u></u></b>	<u><u>1.29</u></u>

## UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

*At 31 December 2021*

	<i>NOTES</i>	<b>2021</b> <i>MOP'000</i> <b>(Unaudited)</b>	2020 <i>MOP'000</i> <b>(Audited)</b>
<b>Non-current assets</b>			
Property, plant and equipment		<b>72,300</b>	45,255
Right-of-use assets		<b>5,022</b>	5,442
Investment in associates		<b>7</b>	–
Deposits		<b>334</b>	492
Equity instrument at FVTOCI		<b>2,370</b>	4,220
		<b>80,033</b>	55,409
<b>Current assets</b>			
Trade receivables	11	<b>42,874</b>	109,378
Other receivables, deposits and prepayments		<b>47,602</b>	51,169
Contract assets		<b>352,054</b>	190,692
Amounts due from other partner of a joint operation		<b>1,289</b>	–
Pledged bank deposits		<b>48,558</b>	41,674
Bank balances and cash		<b>10,330</b>	30,108
		<b>502,707</b>	423,021
<b>Current liabilities</b>			
Trade and other payables	12	<b>227,686</b>	201,583
Amount due to associates		<b>7</b>	–
Tax payable		<b>4,346</b>	8,020
Bank borrowings	13	<b>130,219</b>	7,158
Lease liabilities		<b>1,987</b>	1,533
		<b>364,245</b>	218,294
Net current assets		<b>138,462</b>	204,727
Total assets less current liabilities		<b>218,495</b>	260,136
<b>Non-current liabilities</b>			
Bank borrowings	13	<b>–</b>	21,173
Lease liabilities		<b>3,221</b>	4,059
		<b>3,221</b>	25,232
Net assets		<b>215,274</b>	234,904
<b>Capital and reserves</b>			
Share capital		<b>10,300</b>	10,300
Reserves		<b>204,974</b>	224,604
Total equity		<b>215,274</b>	234,904

## NOTES

### 1. GENERAL INFORMATION

Kin Pang Holdings Limited (the “Company”) is incorporated in the Cayman Islands as an exempted company with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited. Its immediate and ultimate holding company is Fortunate Year Investments Limited (“Fortunate Year”), a company incorporated in the British Virgin Islands (“BVI”) with limited liability. Its ultimate controlling party is Mr. Kong Kin I (“Mr. Kong”), who is the Chairman and Chief Executive Officer of the Company, and Ms. Choi Fong Lan, the spouse of Mr. Kong.

The principal activity of the Company and its subsidiaries (collectively referred to as the “Group”) is civil engineering in Macau and Hong Kong.

The unaudited consolidated financial statements are presented in Macau Pataca (“MOP”), 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 annual periods beginning on or after 1 January 2021 for the preparation of the consolidated financial statements:

Amendment to HKFRS 16	Covid-19-Related Rent Concessions
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 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 these consolidated financial statements.

### 3. SIGNIFICANT ACCOUNTING POLICIES

The unaudited consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. In addition, the unaudited consolidated financial statements include the applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance.

### 4. REVENUE AND SEGMENT INFORMATION

The Group provides building and ancillary services and emergency repair services to customers. Such services are recognised as a performance obligation satisfied over time as the Group creates or enhances an asset that the customer controls as the asset is created or enhanced at customer’s site. Revenue is recognised for these construction services based on the stage of completion of the contract using output method.

Information reported to management of the Group, being the chief operating decision maker (the “CODM”), for the purposes of resource allocation and assessment of segment performance focuses on types of services provided.

No operating segments have been aggregated in arriving at the reportable segments of the Group.

Specifically, the Group's reportable segments under HKFRS 8 "Operating Segments" are as follows:

1. Building and ancillary services
2. Emergency repair services

### Segment revenue and results

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

#### *Year ended 31 December 2021*

	<b>Building and ancillary services MOP'000 (Unaudited)</b>	<b>Emergency repair services MOP'000 (Unaudited)</b>	<b>Consolidated MOP'000 (Unaudited)</b>
Segment revenue	<u>1,031,614</u>	<u>9,046</u>	<u>1,040,660</u>
Segment profit	<u>5,970</u>	<u>4,762</u>	10,732
Other income, gain and loss			1,023
Administrative expenses			(27,418)
Finance costs			<u>(2,534)</u>
Loss before tax			<u>(18,197)</u>

#### *Year ended 31 December 2020*

	<b>Building and ancillary services MOP'000 (Audited)</b>	<b>Emergency repair services MOP'000 (Audited)</b>	<b>Consolidated MOP'000 (Audited)</b>
Segment revenue	<u>694,298</u>	<u>13,880</u>	<u>708,178</u>
Segment profit	<u>30,047</u>	<u>6,789</u>	36,836
Other income, gain and loss			2,187
Administrative expenses			(21,524)
Finance costs			<u>(1,280)</u>
Profit before tax			<u>16,219</u>

Segment profit represents the profit earned by each segment without allocation of other income, gain and loss, administrative expenses and finance costs. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

## 5. OTHER INCOME, GAIN AND LOSS

	2021 <i>MOP'000</i> (Unaudited)	2020 <i>MOP'000</i> (Audited)
Interest income	702	695
Sale of leftover piles	12	322
Sundry income	309	153
Income from rental of equipment	–	590
Government grants ( <i>Note</i> )	–	422
Gain on lease termination	–	5
	<u>1,023</u>	<u>2,187</u>

*Note:* During the year ended 31 December 2020, the Group recognised government grants of MOP422,000 in respect of COVID-19 related subsidies, of which MOP222,000 related to Employment Support Scheme provided by the Hong Kong Government and MOP200,000 related to Subsidies for Businesses (企業援助款項計劃) by the Macau Government.

## 6. FINANCE COSTS

	2021 <i>MOP'000</i> (Unaudited)	2020 <i>MOP'000</i> (Audited)
Interest on bank borrowings	2,130	972
Interest on bank overdrafts	140	37
Interest on lease liabilities	264	271
	<u>2,534</u>	<u>1,280</u>

## 7. INCOME TAX (CREDIT) EXPENSE

	2021 <i>MOP'000</i> (Unaudited)	2020 <i>MOP'000</i> (Audited)
Macau Complementary Tax:		
Current tax	–	3,674
Overprovision in prior years	(417)	(342)
	<u>(417)</u>	<u>3,332</u>

No provision for Macau Complementary Tax has been made as the Group has no assessable profits arising in Macau for the year ended 31 December 2021.

Macau Complementary Tax was calculated at 12% of the estimated assessable profits above MOP600,000 for the year ended 31 December 2020.

No provision for Hong Kong Profits Tax has been made as the Group has no assessable profits arising in Hong Kong for both years.

## 8. (LOSS) PROFIT FOR THE YEAR

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

	2021 <i>MOP'000</i> (Unaudited)	2020 <i>MOP'000</i> (Audited)
Depreciation of property, plant and equipment	10,646	7,679
Depreciation of right-of-use assets	<u>2,100</u>	<u>2,048</u>
Total depreciation	<u><u>12,746</u></u>	<u><u>9,727</u></u>
Auditor's remuneration	1,051	926
Employees benefits expenses	103,564	105,087
Expense relating to short-term leases	<u>8,418</u>	<u>3,636</u>

## 9. DIVIDENDS

No dividend was paid or proposed for ordinary shareholders of the Company during the years ended 31 December 2021 and 2020, nor has any dividend been proposed since the end of the reporting period.

## 10. (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:

(Loss) earnings

	2021 <i>MOP'000</i> (Unaudited)	2020 <i>MOP'000</i> (Audited)
(Loss) profit for the year attributable to owners of the Company for the purpose of basic (loss) earnings per share	<u><u>(17,780)</u></u>	<u><u>12,887</u></u>

Number of shares

	2021 '000 (Unaudited)	2020 '000 (Audited)
Weighted average number of ordinary shares for the purpose of basic (loss) earnings per share	<u><u>1,000,000</u></u>	<u><u>1,000,000</u></u>

No diluted (loss) earnings per share for both years were presented as there was no potential ordinary shares in issue for both years.

## 11. TRADE RECEIVABLES

	2021 <i>MOP'000</i> (Unaudited)	2020 <i>MOP'000</i> (Audited)
Trade receivables		
– contracts with customers	43,282	110,785
Less: Allowance for credit losses	(408)	(1,407)
	<u>42,874</u>	<u>109,378</u>

The Group generally allows credit period of 0 to 60 days to its customers. The following is an aged analysis of trade receivables presented based on the invoice dates.

	2021 <i>MOP'000</i> (Unaudited)	2020 <i>MOP'000</i> (Audited)
0–30 days	11,735	101,863
31–60 days	1,133	6,915
61–90 days	4,150	–
91 –365 days	25,876	8
Over 365 days	388	1,999
	<u>43,282</u>	<u>110,785</u>

## 12. TRADE AND OTHER PAYABLES

	2021 <i>MOP'000</i> (Unaudited)	2020 <i>MOP'000</i> (Audited)
Trade payables	153,548	135,742
Salaries payable	12,684	11,577
Retention payables	45,732	38,369
Accruals and other payables	15,722	15,895
	<u>227,686</u>	<u>201,583</u>

The following is an aged analysis of trade payables presented based on the invoice dates.

	2021 <i>MOP'000</i> (Unaudited)	2020 <i>MOP'000</i> (Audited)
0–30 days	111,034	131,832
31–60 days	33,255	1,894
61–90 days	3,183	78
91–180 days	5,105	988
181–365 days	23	–
Over 365 days	948	950
	<u>153,548</u>	<u>135,742</u>

The credit period granted to the Group by suppliers/subcontractors normally ranges from 0 to 60 days.

### 13. BANK BORROWINGS

	2021 <i>MOP'000</i> (Unaudited)	2020 <i>MOP'000</i> (Audited)
Secured bank borrowings	106,981	21,785
Unsecured bank borrowings	23,238	6,546
	<u>130,219</u>	<u>28,331</u>
The carrying amounts of the above borrowings are repayable (based on scheduled repayment dates set out in the loan agreements):		
Within one year	–	7,158
Within a period of more than one year but not more than two years	–	7,455
Within a period of more than two years but not more than five years	–	10,654
Within a period more than five years	–	3,064
	<u>–</u>	<u>28,331</u>
The carrying amounts of the above borrowings that contain a repayment on demand clause (shown under current liabilities) but repayable:		
Within one year	48,759	–
Within a period of more than one year but not more than two years	2,194	–
Within a period of more than two years but not more than five years	3,652	–
	<u>54,605</u>	<u>–</u>
The carrying amount of above borrowing that are repayable on demand due to breach of loan covenants (show under current liabilities)		
	<u>75,614</u>	<u>–</u>
Total bank borrowings	130,219	28,331
Less: Amount due within one year shown under current liabilities	(130,219)	(7,158)
Amounts shown under non-current liabilities	<u>–</u>	<u>21,173</u>

The bank borrowings are at floating rates which carry interest at MOP best lending rate plus/minus a spread. The effective interest rate on the Group's bank borrowings was 3.18% (2020: 3.83%) per annum as at 31 December 2021.

As at 31 December 2021, there was a technical breach of a loan covenant in the banking facility letter that primarily related to the liabilities/total assets ratio more than 50% in the Group. The secured bank borrowings of MOP71,130,000 are guaranteed by the Company and secured by pledged bank deposit amounted to MOP7,500,000 and owned property MOP10,596,000, and the unsecured bank borrowings of MOP4,484,000 and the entire bank borrowings have been classified as current liabilities at the end of the reporting period.

As at the date of issuance of this announcement, the lender has not made any demand for immediate repayment of the borrowings under the loan facility letter. The management of the Group has commenced negotiations with the bank for a waiver of the technical breach of the loan covenant, and yet obtained such waiver as at the date of issuance of this announcement.

## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW

The Group is an integrated construction contractor which provides (i) building and ancillary services; and (ii) emergency repair services. The services are required in various building and construction projects in relation to hotel and casino resorts, infrastructures of electricity and water supply, and public amenities and utilities (such as carriageways, footpaths, drains and sewers).

The Group's revenue was derived from Macau and Hong Kong and the Group was engaged in projects in both private and public sectors. Public sector projects refer to projects of which the project employer is the Macau Government, while private sector projects refer to projects that are not within the public sector. The Group's customers mainly included (i) hotel and casino owners or their main contractors; (ii) electricity and water utility companies; (iii) the Macau Government; and (iv) other private developers or their contractors.

During the year ended 31 December 2021, 40 building and ancillary services projects with an aggregate contract sum of MOP972.5 million were awarded. The Group had completed 40 building and ancillary services projects during the year ended 31 December 2021. As at 31 December 2021, the Group's backlog consisted of 20 building and ancillary services projects, which exclude those completed but not certified with an aggregate outstanding contract sum of MOP453.6 million.

### FINANCIAL REVIEW

#### Revenue

The following table sets forth a breakdown of the Group's revenue by business segments during the years ended 31 December 2021 and 2020:

	Year ended 31 December			
	2021		2020	
	<i>MOP'000</i>	<i>%</i>	<i>MOP'000</i>	<i>%</i>
	(Unaudited)		(Audited)	
Building and ancillary services	<b>1,031,614</b>	<b>99.1</b>	694,298	98.0
Emergency repair services	<b>9,046</b>	<b>0.9</b>	13,880	2.0
Total	<b><u>1,040,660</u></b>	<b><u>100.0</u></b>	<b><u>708,178</u></b>	<b><u>100.0</u></b>

During the year ended 31 December 2021, the Group's total revenue increased by approximately MOP332.5 million or 47.0% as compared to the year ended 31 December 2020. The increase was attributable to an increase in building and ancillary services revenue of approximately MOP337.3 million or 48.6%, a majority of which were derived from major large-scale foundation associated works of building and ancillary services project.

### **Gross Profit and Gross Profit Margin**

The Group's gross profit decreased by approximately MOP29.8 million or 71.0% to approximately MOP12.2 million for the year ended 31 December 2021 from approximately MOP42.0 million for the year ended 31 December 2020. The Group's gross profit margin decreased to approximately 1.2% for the year ended 31 December 2021 from approximately 5.9% for the year ended 31 December 2020.

The decrease in the gross profit was mainly attributable to (i) downward pressure on the Group's tender price and hence gross profit margin in general as a result of intense market competition in the construction industry in Macau; (ii) the persistent and gradual increase in construction costs due to impact of COVID-19 on the global supply chain; and (iii) certain amounts of variation works performed during the year 31 December 2021 which have been under prolonged negotiations between the Group and the Group's customers but yet to be certified by the Group's customers.

### **Other Income, Gain and Loss**

The Group's other income, gain and loss decreased by approximately MOP1,164,000 or 53.2% from approximately MOP2,187,000 for the year ended 31 December 2020 to approximately MOP1,023,000 for the year ended 31 December 2021. Such decrease was mainly attributable to the decrease in income from rental of equipment, and sale of leftover piles and the absence of one-off government grants during the year ended 31 December 2021.

### **Impairment Losses under Expected Credit Loss Model**

The Group's impairment losses under expected credit loss ("ECL") model were approximately MOP1.5 million for the year ended 31 December 2021 and were approximately MOP5.1 million for the year ended 31 December 2020. Except for certain balances of contract assets being assessed on an individual basis, the Group applied simplified approach to measuring ECL which used a lifetime ECL for all trade receivables and contract assets. To measure the ECL, trade receivables and contract assets have been grouped based on shared credit risk characteristics.

## **Administrative Expenses**

The Group's administrative expenses increased by approximately MOP5,894,000 or 27.4% from approximately MOP21,524,000 for the year ended 31 December 2020 to approximately MOP27,418,000 for the year ended 31 December 2021. Such increase was mainly attributable to the increase in staff costs.

## **Finance Costs**

The Group's finance costs increased by approximately MOP1,254,000 or 98.0% from approximately MOP1,280,000 for the year ended 31 December 2020 to approximately MOP2,534,000 for the year ended 31 December 2021. Such increase was mainly attributable to the increase in bank loan interest of bank borrowings.

## **Income Tax Credit (Expense)**

The Group has income tax credit MOP417,000 for the year ended 31 December 2021 compared to income tax expense of approximately MOP3,332,000 for the year ended 31 December 2020. There was no assessable profit for the year ended 31 December 2021.

## **(Loss) Profit for the Year**

The Group's loss for the year was approximately MOP17.8 million for the year ended 31 December 2021 compared to profit for the year of approximately MOP12.9 million for the year ended 31 December 2020.

## **Other Comprehensive Expense for the Year**

The Group's other comprehensive expense was approximately MOP1,850,000 for the year ended 31 December 2021 compared to other comprehensive expense of approximately MOP6,905,000 for the year ended 31 December 2020. This was mainly attributable to fair value loss on investment in an equity instrument at fair value through other comprehensive expense.

## **(Loss) Profit and Total Comprehensive (Expense) Income for the Year**

The Group's loss and total comprehensive expense was approximately MOP19.6 million for the year ended 31 December 2021 compared to profit and total comprehensive income for the year of approximately MOP6.0 million for the year ended 31 December 2020. It was mainly attributable to the combined effect of the aforementioned items.

## **Basic (Loss) Earnings per Share**

The Company's basic loss per share for the year ended 31 December 2021 was approximately MOP1.78 cents (2020: basic earning per share of MOP1.29 cents).

## **Final Dividend**

The Board does not recommend the payment of final dividend for the year ended 31 December 2021 (2020: Nil).

## **Property, Plant and Equipment**

The Group's property, plant and equipment was approximately MOP72.3 million as at 31 December 2021 compared to approximately MOP45.3 million as at 31 December 2020. Due to business expansion, the Group acquired property, plant and equipment of approximately MOP37.7 million during the year ended 31 December 2021 (2020: approximately MOP25.1 million). The capital expenditures were financed by the proceeds from internal resources and general borrowings of the Group.

## **CORPORATE FINANCE AND RISK MANAGEMENT**

### **Liquidity and Financial Resources and Capital Structure**

As at 31 December 2021, the Group had bank balances and cash of approximately MOP10.3 million (2020: MOP30.1 million) and had no bank overdrafts (2020: Nil).

As at 31 December 2021, the Group had an aggregate of pledged bank deposits of approximately MOP48.6 million (2020: MOP41.7 million) that are used to secure banking facilities.

As at 31 December 2021, bank borrowings amounted to approximately MOP130.2 million (2020: MOP28.3 million). No bank borrowings amounts due are based on scheduled repayment dates set out in the loan agreement (2020: MOP7.2 million, MOP7.5 million, MOP10.6 million and MOP3.0 million would mature within one year, one year to two years, two years to five years and more than five years, respectively). The bank borrowings amounts containing on demand clause of approximately MOP48.7 million, MOP2.2 million, and MOP3.7 million (2020: Nil, Nil and Nil) will mature within one year, one year to two years and two years to five years respectively. The bank borrowings amounts repayable on demand due to breach of loan covenants were approximately MOP75.6 million (2020: Nil).

Current ratio decreased from 1.9 times as at 31 December 2020 to 1.4 times as at 31 December 2021. It was mainly due to the increase in current portions of bank borrowings.

Gearing ratio is calculated based on debts including payables incurred not in the ordinary course of business divided by the total equity as at the respective reporting dates. Gearing ratio increased from 12.1% as at 31 December 2020 to 60.5% as at 31 December 2021. It was mainly due to the increase in bank borrowings of MOP101.9 million during the year ended 31 December 2021.

As at 31 December 2021, the share capital and equity attributable to owners of the Company amounted to approximately MOP10.3 million and approximately MOP215.3 million, respectively (2020: MOP10.3 million and MOP234.9 million, respectively).

### **Capital Commitments**

At as 31 December 2021, the Group had no capital commitments (2020: Nil).

### **Contingent Liabilities**

As at 31 December 2021, performance guarantees of approximately MOP178.7 million (2020: MOP135.8 million) were given by a bank in favour of the Group's customers as security for the due performance and observance of the Group's obligations under the contracts entered into between the Group and their customers. The Group has contingent liabilities to indemnify the bank for any claims from customers under the guarantees due to the failure of the Group's performance. The performance guarantees will be released upon completion of the contract works. At the end of the reporting period, the management of the Group does not consider it probable that a claim will be made against the Group.

### **Currency Risk**

The Group entities collect most of the revenue and incur most of the expenditures in their respective functional currencies. The Group is exposed to currency risk primarily through sales proceeds received from customers and the proceeds from issue of shares upon share offer that are denominated in a currency other than the Group entities' functional currency. The currencies giving rise to this risk are primarily Hong Kong dollar.

The Group currently does not have a foreign currency hedging policy. However, the management of the Group monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

### **Interest Rate Risk**

The Group is exposed to cash flow interest risk in relation to variable-rate pledged deposits and bank balances and bank borrowings. The Group's cash flow interest rate risk is mainly concentrated on the fluctuation of prevailing market interest rates arising from the Group's pledged bank deposits and bank balances and MOP best lending rate arising from the Group's variable-rate bank borrowings.

## **Other Price Risk**

The Group is exposed to equity price risk through its investments in equity securities measured at fair value through other comprehensive income (“FVTOCI”). The Group invested in an unquoted equity security of an investee operating in construction industry sector for long term strategic purposes which had been designated as FVTOCI. The Group has appointed a special team to monitor the price risk and will consider hedging the risk exposure should the need arise.

## **Credit Risk**

The Group’s credit risk is primarily attributable to trade receivables, contract assets, other receivables and deposits, pledged bank deposits and bank balances as at 31 December 2021 and 2020.

The Group’s maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge the obligations by counterparties is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position at the end of the reporting period.

The Group has concentration of credit risks as 43.4% (2020: 87.0%) and 86.4% (2020: 88.5%) of the total trade receivables was due from the Group’s largest debtor and the five largest debtors respectively within the building and ancillary services segment. In order to minimise the risk, the management of the Group has delegated a team responsible for determination of credit limits and credit approvals.

For other receivables and deposits, the Directors make periodic individual assessment on the recoverability of other receivables and deposits based on historical settlement records, past experience, and also quantitative and qualitative information that is reasonable and supportive forward-looking information.

The credit risk for pledged bank deposits and bank balances is limited because the counterparties are reputable banks with high credit ratings assigned by international credit rating agencies.

## **EMPLOYEES**

The Group had 416 full-time employees as at 31 December 2021 (2020: 354).

The Group offers remuneration packages that includes salary, discretionary bonuses and other cash subsidies. In general, the Group determines employee salaries based on each employee’s qualifications, position and seniority. The Group has designed an annual review system to assess the performance of our employees, which forms the basis of the decisions with respect to salary raises, bonuses and promotions.

The Group's gross staff costs from operations (including the Director's emoluments) was approximately MOP103.6 million for the year ended 31 December 2021 (2020: MOP105.1 million).

The Company adopted a share option scheme so that the Company may grant options to the eligible persons as incentives or rewards for their contributions to the Group.

## **PROSPECTS AND STRATEGIES**

The recent break-out of Omicron in Hong Kong has already slowed down the economy recovery. Although, up to this moment, it does not make a material impact in Macau, the Group will continue to develop with caution. As the Macau government keeps undertaking the public construction projects, the Group will take this opportunity to enhance the market shares in public sector in order to build value over the medium to long term for the shareholders of the Company.

The Group will continue to strengthen the business of the building and ancillary services in Hong Kong, subject to the COVID-19 development. Meanwhile, the Group will keep seeking other business opportunities in other regions such as the Greater Bay Area and Asia-Pacific Region.

Moreover, the construction costs have already increased due to the rising cost of raw materials, labour and fee to subcontractors. The Group will further improve the cost control to reduce the negative impact on the Group's profitability.

## **FINAL DIVIDEND**

The Board does not recommend the payment of final dividend for the year ended 31 December 2021 (2020: Nil).

## **CLOSURE OF REGISTER OF MEMBERS FOR ANNUAL GENERAL MEETING**

The annual general meeting of the Company (the "AGM") is scheduled to be held on Wednesday, 8 June 2022. In order to establish entitlements to attend and vote at the AGM, the register of members of the Company will be closed from Thursday, 2 June 2022 to Wednesday, 8 June 2022, both days inclusive, during which period no transfer of shares will be registered. All transfers of shares accompanied by the relevant share certificates and properly completed transfer forms must be lodged with the branch share registrar of the Company in Hong Kong, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration no later than 4:30 p.m. on Wednesday, 1 June 2022.

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

During the year 31 December 2021, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's securities.

## **EVENTS AFTER THE REPORTING PERIOD**

The Company disposed an equity instrument to an independent third party with a consideration of MOP3,000,000 on 28 March 2022.

Save as disclosed, the Board is not aware of any significant events requiring disclosure that has taken place subsequent to 31 December 2021 and up to the date of this announcement.

## **CORPORATE GOVERNANCE CODE**

During the year ended 31 December 2021 and up to the date of this announcement, the Company has complied with all applicable code provisions set out in the Corporate Governance Code (the "CG Code") contained in Appendix 14 of the Rules (the "Listing Rules") Governing the Listing of Securities of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") except the deviation from provision C.2.1 of the CG Code.

Pursuant to code provision C.2.1 of the CG Code, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. However, the Company does not have a separate chairman and chief executive officer and Mr. Kong Kin I currently performs these two roles. The Board believes that vesting the roles of both chairman and chief executive officer in the same person has the benefit of ensuring the consistent leadership within the Group and enables more effective and efficient overall strategic planning of the Group. Besides, with three independent non-executive Directors out of a total of five Directors in the Board, there will be sufficient independent voice within the Board to protect the interests of the Company and its shareholders as a whole. Therefore, the Board considers that the balance of power and authority for the present arrangement will not be impaired and this structure will enable the Company to make and implement decisions promptly and effectively. The Board will continue to review and consider splitting the roles of chairman of the Board and chief executive officer of the Company at a time when it is appropriate and suitable by taking into account the circumstances of the Group as a whole.

## **MODEL CODE FOR SECURITIES TRANSACTIONS**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in Appendix 10 to the Listing Rules as its own code of conduct regarding securities transactions of the Company by the Directors. Upon specific enquiries of all Directors, all of them confirmed that they have complied with the required standards set out in the Model Code throughout the year ended 31 December 2021 and up to the date of this announcement.

## **AUDIT COMMITTEE**

The Company established the audit committee (the “Audit Committee”) on 24 November 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. Cheung Kin Wing, Mr. Cheung Wai Lun Jacky and Mr. Zhao Zhipeng. Mr. Cheung Kin Wing 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 financial information of the Group and the unaudited annual results of the Company for the year ended 31 December 2021.

## **REVIEW OF UNAUDITED ANNUAL RESULTS**

Due to the impact of the COVID-19 outbreak, the accounting work of the Group has been delayed and the audit of the consolidated financial statements of the Group for the year ended 31 December 2021 has not been completed as of today. The unaudited annual results for the year ended 31 December 2021 contained herein have not been agreed with the auditor of the Company, Moore Stephens CPA Limited (the “Auditor”) as required under Rule 13.49(2) of the Listing Rules. It is projected that the audited annual results will be postponed to on or before 30 April 2022. The unaudited annual results contained herein have been reviewed by the Audit Committee.

## **FURTHER ANNOUNCEMENT(S)**

Upon completion of the auditing process, the Company will issue further announcement(s) in relation to the audited results of the Group for the year ended 31 December 2021 as agreed by the Auditor and the material differences (if any) as compared with the unaudited annual results contained herein. In addition, the Company will issue further announcement(s) as and when necessary if there are other material development in the completion of the auditing process.

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

This unaudited annual results announcement is published on the Company’s website at [www.kinpang.com.mo](http://www.kinpang.com.mo) and the Stock Exchange’s website at [www.hkexnews.hk](http://www.hkexnews.hk). The 2021 Annual Report will be despatched to shareholders and will also be published on the websites of both the Stock Exchange and the Company in due course.

## **APPRECIATION**

The Board would like to express its sincere gratitude to the management of the Group and all the staff for their hard work and dedication, as well as its shareholders, business associates and other professional parties for their support throughout the year.

The Board would like to draw your attention to the fact that the information set out above is made by the Board only based on the unaudited management accounts of the Group for the year ended 31 December 2021 which are prepared in accordance with the HKFRSs. The Auditor has not reviewed or audited this unaudited financial information. Therefore, the unaudited financial information may be adjusted to meet the needs of the completion of the audit.

**Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.**

By Order of the Board  
**Kin Pang Holdings Limited**  
**Kong Kin I**  
*Chairman*

Hong Kong, 30 March 2022

*As at the date of this announcement, the Board comprises (i) Mr. Kong Kin I (Chairman and Chief Executive Officer) and Ms. Choi Fong Lan as executive Directors; and (ii) Mr. Cheung Wai Lun Jacky, Mr. Cheung Kin Wing and Mr. Zhao Zhipeng as independent non-executive Directors.*