

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



Kin Pang Holdings Limited

建鵬控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1722)

**AUDITED ANNUAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 DECEMBER 2022**

ANNUAL RESULTS

The board (the “Board”) of directors (the “Directors”) of Kin Pang Holdings Limited (the “Company”) is pleased to announce the audited consolidated financial information of the Company and its subsidiaries (collectively, the “Group”) for the year ended 31 December 2022 together with the comparative figures for the corresponding year ended 31 December 2021.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2022

		2022	2021
	NOTES	MOP'000	MOP'000
Revenue	4	598,823	958,955
Direct costs	5	<u>(575,070)</u>	<u>(949,758)</u>
Gross profit		23,753	9,197
Other income, gain and loss	6	3,320	1,023
Administrative expenses	5	(30,577)	(27,419)
Impairment losses under expected credit loss model		<u>(903)</u>	<u>(1,464)</u>
Operating loss		(4,407)	(18,663)
Finance costs	7	(5,162)	(2,534)
Share of result of associates		<u>(29)</u>	<u>–</u>
Loss before income tax		(9,598)	(21,197)
Income tax (expense)/credit	8	<u>(2,043)</u>	<u>417</u>
Loss for the year attributable to the owners of the Company		<u><u>(11,641)</u></u>	<u><u>(20,780)</u></u>
Loss per share attributable to owners of the Company (<i>in MOP cents</i>)			
Basic and diluted	10	<u><u>(1.16)</u></u>	<u><u>(2.08)</u></u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2022

	2022 <i>MOP'000</i>	2021 <i>MOP'000</i>
Loss for the year	(11,641)	(20,780)
Other comprehensive loss		
<i>Item that may not be reclassified to profit or loss:</i>		
Change in fair value of equity instrument at fair value through other comprehensive income	<u>(16)</u>	<u>(1,204)</u>
Other comprehensive loss for the year, net of tax	<u>(16)</u>	<u>(1,204)</u>
Total comprehensive loss for the year attributable to the owners of the Company	<u>(11,657)</u>	<u>(21,984)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2022

		As at 31 December 2022 MOP'000	As at 31 December 2021 MOP'000
	<i>NOTES</i>		
ASSETS			
Non-current assets			
Property, plant and equipment		72,861	72,300
Right-of-use assets		5,947	5,022
Deposits		435	334
Investments in associates		–	7
Equity instrument at fair value through other comprehensive income		–	3,016
		<u>79,243</u>	<u>80,679</u>
Current assets			
Trade receivables	11	32,204	42,874
Prepayments, deposits, and other receivables		20,085	47,602
Contract assets		315,725	352,108
Amount due from a joint operation		2,023	1,289
Pledged bank deposits		67,297	48,558
Cash and cash equivalents		18,915	10,330
		<u>456,249</u>	<u>502,761</u>
Total assets		<u>535,492</u>	<u>583,440</u>
EQUITY			
Equity attributable to the owners of the Company			
Share capital		10,300	10,300
Reserves		190,963	202,620
Total equity		<u>201,263</u>	<u>212,920</u>

		As at 31 December 2022 <i>MOP'000</i>	As at 31 December 2021 <i>MOP'000</i>
	<i>NOTES</i>		
LIABILITIES			
Non-current liabilities			
Deferred government grants		404	–
Lease liabilities		<u>3,632</u>	<u>3,221</u>
		4,036	3,221
Current liabilities			
Trade and other payables	12	181,160	227,693
Contract liabilities		12,638	3,054
Income tax payable		6,389	4,346
Bank borrowings	13	127,743	130,219
Deferred government grants		165	–
Lease liabilities		<u>2,098</u>	<u>1,987</u>
		330,193	367,299
Total liabilities		<u>334,229</u>	<u>370,520</u>
Total equity and liabilities		<u>535,492</u>	<u>583,440</u>

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 (the “Stock Exchange”). Its immediate and ultimate parent is Fortunate Year Investments Limited, a company incorporated in the British Virgin Islands (the “BVI”) with limited liability. Its ultimate controlling party is Mr. Kong Kin I (“Mr. Kong”), who is also the Chairman and Chief Executive Officer of the Company, and Ms. Choi Fong Lan (“Ms. Choi”), the spouse of Mr. Kong.

The Company’s registered office is located at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The principal place of business in Hong Kong is located at Unit B, 23/F, Centre Mark II, 305–313 Queen’s Road Central, Hong Kong. The headquarter in Macau is located at L17 Pak Tak (China Civil Plaza), No. 249–263 Alameda Dr. Carlos d’Assumpção, Macau.

The principal activity of the Company and its subsidiaries is civil engineering in Macau and Hong Kong.

These consolidated financial statements are presented in thousands of Macau Pataca (“MOP’000”), unless otherwise stated.

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

New and amended standards adopted by the Group

The Group has applied the following new and amended standards, improvements and interpretation for the first time for their annual reporting period commencing 1 January 2022:

HKAS 16	Property, Plant and Equipment: Proceeds before Intended Use (Amendments)
HKAS 37	Provisions, Contingent Liabilities and Contingent Assets: Onerous Contracts – Cost of Fulfilling a Contract (Amendments)
HKFRS 3	Business Combinations: Reference to the Conceptual Framework (Amendments)
HKFRS 16	Leases: COVID-19-Related Rent Concessions beyond 30 June 2021
Annual Improvements Project	Annual Improvements 2018–2020 Cycle (Amendments)

The amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

New standards and interpretations not yet adopted

The following new standards and interpretations have been published that are not mandatory for the current reporting period and have not been early adopted by the Group:

		Effective for annual periods beginning on or after
HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies (Amendments)	1 January 2023
HKAS 8	Definition of Accounting Estimates (Amendments)	1 January 2023
HKAS 12	Deferred tax related to assets and liabilities arising from a single transaction (Amendments)	1 January 2023
HKFRS 17	Insurance Contracts	1 January 2023
HKFRS 17	Amendments to HKFRS 17	1 January 2023
HKFRS 17	Initial Application of HKFRS 17 and HKFRS 9 – Comparative Information	1 January 2023
HKAS 1	Classification of Liabilities as Current or Non-Current (Amendments)	1 January 2024
HKAS 1	Non-current Liabilities with Covenants (Amendments)	1 January 2024
HKFRS 16	Lease Liability in a Sale and Leaseback (Amendments)	1 January 2024
HK Int 5 (Revised)	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	1 January 2024
HKFRS 10 and HKAS 28	Sale or Contribution of Assets Between an Investor and its Associate or Joint Venture (Amendments)	To be determined

The directors of the Company have assessed the financial impact on the Group of the adoption of the above new standards, amendments to existing standards, interpretations and accounting guideline. These standards, amendments and interpretation are not expected to have a material financial impact on the Group in the future reporting periods and on foreseeable future transactions. The Group is currently revisiting their accounting policy information disclosures to ensure consistency with the amended requirements. The Group intends to adopt the above new standards, amendments and interpretation to existing standards interpretations and accounting guideline when they become effective.

3. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. In addition, the 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.

The Group's chief operating decision maker (the "CODM"), which has been identified as the management of the Group, considers the segment from a business perspective and monitors the operating results of its operating segment for the purpose of making decisions about resource allocation and performance assessment.

During the year ended 31 December 2022, the Group had two (2021: two) reportable operating segments, which were provision of building and ancillary services and emergency repair services.

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

Segment revenue and results

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

Year ended 31 December 2022

	Building and ancillary services MOP'000	Emergency repair services MOP'000	Consolidated MOP'000
Segment revenue	<u>597,835</u>	<u>988</u>	<u>598,823</u>
Segment profit	<u>21,869</u>	<u>981</u>	22,850
Other income, gain and loss			3,320
Administrative expenses			(30,577)
Finance costs			(5,162)
Share of results of associates			<u>(29)</u>
Loss before income tax			<u>(9,598)</u>

Year ended 31 December 2021

	Building and ancillary services MOP'000	Emergency repair services MOP'000	Consolidated MOP'000
Segment revenue	<u>949,908</u>	<u>9,047</u>	<u>958,955</u>
Segment profit	<u>2,970</u>	<u>4,763</u>	7,733
Other income, gain and loss			1,023
Administrative expenses			(27,419)
Finance costs			<u>(2,534)</u>
Loss before income tax			<u>(21,197)</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. EXPENSES BY NATURE

	2022 <i>MOP'000</i>	2021 <i>MOP'000</i>
Material and subcontractor costs	432,408	812,359
Auditor's remuneration	1,391	1,123
Depreciation of property, plant and equipment	15,056	10,646
Depreciation of right-of-use assets	2,392	2,100
Employee benefit costs (including directors' emoluments)	93,532	103,624
Legal and professional fees	2,515	1,213
Expense relating to short-term leases	11,538	8,398
Transportation and delivery costs	25,217	26,385
Others	21,598	11,329
	<u>605,647</u>	<u>977,177</u>

6. OTHER INCOME, GAIN AND LOSS

	2022 <i>MOP'000</i>	2021 <i>MOP'000</i>
Interest income	248	702
Income from rental of equipment	358	–
Government grants (<i>Note</i>)	1,138	–
Gain on lease termination	171	–
Amortisation of deferred government grants	90	–
Sale of leftover piles	152	12
Sundry income	1,163	309
	<u>3,320</u>	<u>1,023</u>

Note: During the year ended 31 December 2022, the Group recognised government grants of MOP1,138,000 in respect of COVID-19 related subsidies, of which MOP638,000 related to Employment Support Scheme provided by the Hong Kong Government and MOP500,000 related to Subsidies for Businesses 2022 (2022年疫情援助款項計劃) by the Macau Government. There are no unfulfilled conditions or other contingencies attaching to these grants.

7. FINANCE COSTS

	2022 <i>MOP'000</i>	2021 <i>MOP'000</i>
Interest expense on bank borrowings	4,770	2,130
Interest expense on bank overdrafts	141	140
Interest expense on lease liabilities	251	264
	<u>5,162</u>	<u>2,534</u>

8. INCOME TAX EXPENSE/(CREDIT)

	2022 <i>MOP'000</i>	2021 <i>MOP'000</i>
Macau Complementary Tax:		
Current tax	2,043	–
Over provision in prior years	–	(417)
	<u>2,043</u>	<u>(417)</u>

Macau Complementary Tax is calculated at 12% of the estimated assessable profits above MOP600,000 for the year ended 31 December 2022 (2021: same).

Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands, the Group is not subject to any income tax in the Cayman Islands or the British Virgin Islands (2021: Nil).

No provision for Hong Kong Profits Tax has been made as the Group has no assessable profits arising in Hong Kong for the year ended 31 December 2022 (2021: same).

9. DIVIDENDS

No dividend has been declared or paid by the Company for the year ended 31 December 2022 (2021: Nil).

10. LOSS PER SHARE

(a) Basic loss per share

Basic loss per share is calculated by dividing the loss attributable to owners of the Company by the weighted average number of ordinary shares in issue during the year excluding shares purchased by the Company for the share award scheme.

	2022	2021
Loss attributable to the owners of the Company (<i>MOP'000</i>)	(11,641)	(20,780)
Weighted average number of ordinary shares for the purpose of basic earnings per share (<i>in thousands</i>)	<u>1,000,000</u>	<u>1,000,000</u>
Basic loss per share (<i>MOP cents</i>)	<u>(1.16)</u>	<u>(2.08)</u>

(b) Diluted loss per share

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

11. TRADE RECEIVABLES

	2022 <i>MOP'000</i>	2021 <i>MOP'000</i>
Trade receivables		
– contracts with customers	32,947	43,282
Less: Allowance for credit losses	<u>(743)</u>	<u>(408)</u>
	<u>32,204</u>	<u>42,874</u>

The Group generally allows credit period of 0 to 60 days to its customers. The ageing analysis of the trade receivables based on invoice date is as follows:

	2022 <i>MOP'000</i>	2021 <i>MOP'000</i>
Within 30 days	13,329	11,735
31 to 60 days	11,054	1,133
61 to 90 days	6,958	4,150
Over 90 days	<u>1,606</u>	<u>26,264</u>
	<u>32,947</u>	<u>43,282</u>

The Group was granted a banking facility which includes factoring services with the amount not exceeding MOP52,530,000 (HK\$51,000,000). All debts owing by an approved customer in connection with the supply or provision of goods or services are assigned to and purchased by the bank. As at 31 December 2022, the Company has transferred trade receivables amounting to nil (2021: MOP10,300,000 (HK\$10,000,000)) to the bank in exchange for cash. The bank has rights of recourse to the Group if the customer default on payment of the trade receivables to the banks (Note 13). These transactions have been accounted for as secured bank borrowings.

The transferred trade receivables that are not derecognised in their entirety to the extent of the Group's continuing involvements:

	2022 <i>MOP'000</i>	2021 <i>MOP'000</i>
Bank borrowings and receivables		
Carrying amount of the trade receivables before transfer and that the Group continues to recognise	–	10,300
Carrying amount of associated liabilities	<u>–</u>	<u>(10,300)</u>

12. TRADE AND OTHER PAYABLES

	2022 <i>MOP'000</i>	2021 <i>MOP'000</i>
Trade payables	125,353	153,548
Salaries payable	13,363	12,684
Retention payables	24,302	45,732
Accruals and other payables	18,142	15,729
	<u>181,160</u>	<u>227,693</u>

The credit period granted to the Group by suppliers/subcontractors normally ranges from 0 to 60 days. The ageing analysis of the trade payables based on invoice date was as follows:

	2022 <i>MOP'000</i>	2021 <i>MOP'000</i>
0 to 30 days	77,157	111,034
31 to 90 days	26,672	36,438
Over 90 days	21,524	6,076
	<u>125,353</u>	<u>153,548</u>

13. BANK BORROWINGS

	2022 <i>MOP'000</i>	2021 <i>MOP'000</i>
Secured:		
– Bank overdrafts	13,641	–
– Bank borrowings	86,837	106,981
Unsecured:		
– Bank borrowings	27,265	23,238
	<u>127,743</u>	<u>130,219</u>

The bank borrowings are at floating rates which carry interests at MOP best lending rate, Macau Interbank Offered Rate (“MIBOR”) and Hong Kong Interbank Offered Rate (“HIBOR”) plus/minus a spread. The effective interest rate on the Group’s bank borrowings was 5.15% per annum for the year ended 31 December 2022 (2021: 3.21% per annum).

As at 31 December 2022 and 2021, there were breaches of financial covenants in the bank borrowings with a total amount of approximately MOP29,953,000 (2021: MOP75,613,000), including secured bank overdrafts of approximately MOP13,641,000 (2021: nil), secured bank borrowings of approximately MOP13,982,000 (2021: MOP71,130,000) and unsecured bank borrowings of approximately MOP2,330,000 (2021: MOP4,483,000). The secured bank overdrafts and bank borrowings are guaranteed by the Company and secured by pledged bank deposits and property, plant and equipment amounted to approximately MOP50,026,000 (2021: MOP41,811,000) and MOP9,862,000 (2021: MOP10,229,000) respectively. Consequently, the entire bank borrowings have been classified as current liabilities at the end of the reporting period.

These matters triggered cross-defaults and resulted in certain other bank borrowings of the Group of approximately MOP12,480,000 (2021: nil) as at 31 December 2022 may become immediate due for repayment if requested by the bank.

As at 31 December 2022, the remaining bank borrowings of approximately MOP85,310,000 (2021: MOP54,606,000) contain a repayment on demand clause. Out of such amounts, the bank borrowings of approximately MOP4,188,000 (2021: MOP5,847,000) that have original contractual repayment dates fall after 31 December 2023 (2021: 31 December 2022) were classified as current liabilities (2021: same).

As at the date of issuance of this announcement, the lenders have not made any demand for immediate repayment of these borrowings under the loan facility letters. The management of the Group has commenced negotiations with the banks for waivers of the breach of the covenants, and yet obtained such waivers as at the date of issuance of this announcement.

The carrying amounts of bank borrowings approximate their fair values and are denominated in the following currencies.

	2022 <i>MOP'000</i>	2021 <i>MOP'000</i>
MOP	94,053	83,654
HK\$	33,690	46,565
	127,743	130,219

The Group's bank borrowings and other banking facilities (including performance guarantees) had been secured by the pledge of the Group's assets and the carrying amounts of the respective assets are as follows:

	2022 <i>MOP'000</i>	2021 <i>MOP'000</i>
Property, plant and equipment	9,862	10,229
Pledged bank deposits	67,297	48,558
Trade receivables	–	10,300
	77,159	69,087

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 2022, 29 building and ancillary services projects with an aggregate contract sum of MOP480.3 million were awarded. The Group had completed 37 building and ancillary services projects during the year ended 31 December 2022. As at 31 December 2022, the Group's backlog consisted of 12 building and ancillary services projects, which exclude those completed but not certified with an aggregate outstanding contract sum of MOP336.1 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 2022 and 2021:

	Year ended 31 December			
	2022		2021	
	<i>MOP'000</i>	%	<i>MOP'000</i>	%
Building and ancillary services	597,835	99.8	949,908	99.1
Emergency repair services	988	0.2	9,047	0.9
Total	<u>598,823</u>	<u>100.0</u>	<u>958,955</u>	<u>100.0</u>

During the year ended 31 December 2022, the Group's total revenue decreased by approximately MOP360.1 million or 37.6% as compared to the year ended 31 December 2021. The decrease was attributable to a decrease in building and ancillary services revenue of approximately MOP352.1 million or 37.1% due to the completion of large-scale projects, resulting in less such works performed compared to the year ended 31 December 2021.

Gross Profit and Gross Profit Margin

The Group's gross profit increased by approximately MOP14.6 million or 158.7% to approximately MOP23.8 million for the year ended 31 December 2022 from approximately MOP9.2 million for the year ended 31 December 2021. The Group's gross profit margin increased to approximately 4.0% for the year ended 31 December 2022 from approximately 1.0% for the year ended 31 December 2021.

The increase in the gross profit was mainly attributable to (i) higher gross profit margin recorded from bored piling works; and (ii) the effective controls on the construction costs.

Other Income, Gain and Loss

The Group's other income, gain and loss increased by approximately MOP2,297,000 or 224.5% from approximately MOP1,023,000 for the year ended 31 December 2021 to approximately MOP3,320,000 for the year ended 31 December 2022. Such increase was mainly attributable to the increase in income from rental of equipment, and the receipt of COVID-19 related government grants during the year ended 31 December 2022.

Impairment Losses under Expected Credit Loss Model

The Group's impairment losses under expected credit loss ("ECL") model were approximately MOP0.9 million for the year ended 31 December 2022 and were approximately MOP1.5 million for the year ended 31 December 2021. 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 MOP3,158,000 or 11.5% from approximately MOP27,419,000 for the year ended 31 December 2021 to approximately MOP30,577,000 for the year ended 31 December 2022. Such increase was mainly attributable to the setup fees for the joint operations and the rent of staff quarters for the foreign labour.

Finance Costs

The Group's finance costs increased by approximately MOP2,628,000 or 103.7% from approximately MOP2,534,000 for the year ended 31 December 2021 to approximately MOP5,162,000 for the year ended 31 December 2022. Such increase was mainly attributable to the increase in interest expenses on bank borrowings and the increase in the interest rate on bank borrowings.

Income Tax Expense/(Credit)

The Group has income tax expense of MOP2,043,000 for the year ended 31 December 2022 compared to income tax credit of approximately MOP417,000 for the year ended 31 December 2021.

Loss for the Year

The Group's loss for the year was approximately MOP11.6 million for the year ended 31 December 2022 compared to loss for the year of approximately MOP20.8 million for the year ended 31 December 2021.

Other Comprehensive Loss for the Year

The Group's other comprehensive loss was approximately MOP16,000 for the year ended 31 December 2022 compared to the other comprehensive loss of approximately MOP1,204,000 for the year ended 31 December 2021. This was mainly attributable to fair value loss on investment in an equity instrument at fair value through other comprehensive income.

Total Comprehensive Loss for the Year

The Group's total comprehensive loss was approximately MOP11.7 million for the year ended 31 December 2022 compared to total comprehensive loss for the year of approximately MOP22.0 million for the year ended 31 December 2021. It was mainly attributable to the combined effect of the aforementioned items.

Basic Loss per Share

The Company's basic loss per share for the year ended 31 December 2022 was approximately MOP1.16 cents (2021: basic loss per share of MOP2.08 cents).

Final Dividend

The Board does not recommend the payment of final dividend for the year ended 31 December 2022 (2021: Nil).

Property, Plant and Equipment

The Group's property, plant and equipment was approximately MOP72.9 million as at 31 December 2022 compared to approximately MOP72.3 million as at 31 December 2021. Due to business expansion, the Group acquired property, plant and equipment of approximately MOP15.7 million during the year ended 31 December 2022 (2021: approximately MOP37.7 million). The capital expenditures were financed by the proceeds from internal resources and general bank borrowings of the Group.

CORPORATE FINANCE AND RISK MANAGEMENT

Liquidity and Financial Resources and Capital Structure

As at 31 December 2022, the Group had bank balances and cash of approximately MOP18.9 million (2021: MOP10.3 million).

As at 31 December 2022, the Group had an aggregate of pledged bank deposits of approximately MOP67.3 million (2021: MOP48.6 million) that are used to secure banking facilities.

As at 31 December 2022, bank borrowings amounted to approximately MOP127.7 million (2021: MOP130.2 million), including bank overdrafts of approximately MOP13.6 million (2021: Nil). The bank borrowings amounts containing on demand clause of approximately MOP81.1 million, MOP2.4 million, and MOP1.8 million (2021: MOP48.7 million, MOP2.2 million, and MOP3.7 million) 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 MOP42.4 million (2021: MOP75.6 million).

Current ratio remained 1.4 times as at 31 December 2022 compared to 1.4 times as at 31 December 2021.

Gearing ratio is calculated based on debts divided by the total equity as at the respective reporting dates. Gearing ratio increased from 61.2% as at 31 December 2021 to 63.5% as at 31 December 2022. It was mainly due to the greater decrease in total equity than in debts during the year ended 31 December 2022.

As at 31 December 2022, the share capital and equity attributable to owners of the Company amounted to approximately MOP10.3 million and approximately MOP201.3 million, respectively (2021: MOP10.3 million and MOP212.9 million, respectively).

Material Acquisitions and Disposals of Subsidiaries and Associated Companies

Save as disclosed in this announcement, during the year ended 31 December 2022, the Group did not have any material acquisitions or disposals of subsidiaries or associated companies.

Capital Commitments

As at 31 December 2022, the Group had capital commitments for purchases of property, plant and equipment of approximately MOP1,953,000 (2021: MOP1,112,000).

Contingent Liabilities

As at 31 December 2022, performance guarantees of approximately MOP358.8 million (2021: MOP178.7 million) were given by the banks 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 banks 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's interest rate risk arises primarily from the Group's bank deposits and borrowings. Borrowings issued at variable rates and at fixed rates expose the Group to cash flow interest rate risk and fair value interest rate risk respectively. 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, bank balances and MOP best lending rate, MIBOR and HIBOR arising from the Group's variable-rate bank borrowings. The Group does not use financial derivatives to hedge against the interest rate risk.

Other Price Risk

As at 31 December 2021, the Group was 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 had 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, amount due from a joint operation, pledged bank deposits and bank balances as at 31 December 2022 and 2021.

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 counter-parties 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 51.8% (2021: 43.4%) and 88.7% (2021: 86.4%) 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 538 full-time employees as at 31 December 2022 (2021: 416).

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 MOP93.5 million for the year ended 31 December 2022 (2021: MOP103.6 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

As pandemic-related restrictions in Macau are lifted, the Group anticipates greater activity in the construction markets. The Group will focus on strengthening its market shares in the public sector market in Macau and is optimistic about the potential for growth in the private sector market. The Group will also seek business opportunities in Hong Kong to strengthen its presence in that market. Additionally, the Group will explore opportunities in new markets, such as the Greater Bay Area, to further diversify its business portfolio.

The Group expects inflation and rising interest rates to present challenges to its operations. To mitigate the impact of expected increases in construction and finance costs, the Group intends to improve its cost control measures further. The Group will continue to monitor market conditions closely and adjust its strategies as needed to maintain its financial stability and success.

Overall, the Group remains committed to delivering quality projects and maintaining its reputation in the industry. With a focus on cost control and business development, the Group is well-positioned to navigate any challenges that may arise and seize opportunities for growth. The Group remains optimistic about its prospects and is focused on executing its strategies to achieve long-term success.

FINAL DIVIDEND

The Board does not recommend the payment of final dividend for the year ended 31 December 2022 (2021: 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, 14 June 2023. In order to establish entitlements to attend and vote at the AGM, the register of members of the Company will be closed from Friday, 9 June 2023 to Wednesday, 14 June 2023, 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 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, for registration no later than 4:30 p.m. on Thursday, 8 June 2023.

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

During the year 31 December 2022, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's securities.

EVENTS AFTER THE REPORTING PERIOD

On 9 January 2023, the Company and a placing agent entered into a placing agreement to subscribe a maximum of 100,000,000 new ordinary shares (the "Share(s)") of the Company at the placing price of HK\$0.11 per Share (the "Placing"). The new Shares were issued under the general mandate granted to the Directors pursuant to an ordinary resolution of the Company passed at the annual general meeting held on 9 September 2022. The 100,000,000 new Shares, with par value of HK\$0.01 each, were placed to not less than six independent placees on 1 February 2023 with net proceeds of approximately HK\$10,835,000.

The closing market price per share of the immediately preceding business day of the issue of Placing Shares was HK\$0.151. The discount of the issue price to market price was approximately 27.15%.

Details of the Placing are set out in the Company's announcements dated 9 January 2023 and 1 February 2023.

The Directors intended to use the entire net proceeds from the Placing as general working capital of the Group.

Save as disclosed, the Board is not aware of any significant events requiring disclosure that has taken place subsequent to 31 December 2022 and up to the date of this announcement.

CORPORATE GOVERNANCE CODE

During the year ended 31 December 2022 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 Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") 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 2022 and up to the date of this announcement.

AUDIT COMMITTEE

The Company established 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 annual results of the Company for the year ended 31 December 2022.

SCOPE OF WORK OF AUDITOR

The financial figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 December 2022 as set out in the preliminary announcement have been compared by the Group's auditor, Linksfield CPA Limited ("Linksfield"), Certified Public Accountants, to the amounts set out in the Group's audited consolidated financial statements for the year and the amounts were found to be in agreement. The work performed by Linksfield in this respect did not constitute an audit, review or other 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 the auditor.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

This annual results announcement is published on the Company's website at www.kinpang.com.mo and the Stock Exchange's website at www.hkexnews.hk. The 2022 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.

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

Hong Kong, 30 March 2023

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.