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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)**

### **INTERIM RESULTS ANNOUNCEMENT** **FOR THE SIX MONTHS ENDED 30 JUNE 2018**

#### **INTERIM RESULTS**

The board (the “Board”) of directors (the “Directors”) of Kin Pang Holdings Limited (the “Company”) is pleased to announce the unaudited condensed consolidated financial information of the Company and its subsidiaries (collectively, the “Group”) for the six months ended 30 June 2018 together with the comparative figures for the corresponding period in 2017.

The financial information set out below in this announcement represents an extract from the condensed consolidated financial statements for the six months ended 30 June 2018, which are unaudited, but have been reviewed by the Company’s Audit Committee.

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

*For the six months ended 30 June 2018*

		<b>Six months ended 30 June</b>	
	<i>NOTES</i>	<b>2018</b>	<b>2017</b>
		<b>MOP’000</b>	<b>MOP’000</b>
		<b>(unaudited)</b>	<b>(unaudited)</b>
Revenue	3	<b>153,309</b>	91,830
Direct costs		<b>(132,399)</b>	(70,760)
Gross profit		<b>20,910</b>	21,070
Other income, gains and losses, net	4	<b>785</b>	50
Administrative expenses		<b>(7,757)</b>	(4,401)
Finance costs		<b>(45)</b>	(80)
Listing expenses		<b>–</b>	(3,821)
Profit before taxation	5	<b>13,893</b>	12,818
Income tax expense	6	<b>(1,946)</b>	(1,969)
Profit and total comprehensive income for the year		<b>11,947</b>	10,849
Earnings per share			
Basic (MOP cents)	8	<b>1.19</b>	1.48

# UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2018

		At 30 June 2018 MOP'000 (unaudited)	At 31 December 2017 MOP'000 (audited)
	NOTES		
Non-current assets			
Property, plant and equipment		15,642	12,308
Deposits	9	755	2,200
		<u>16,397</u>	<u>14,508</u>
Current assets			
Trade receivables and other receivables	9	48,802	73,339
Contract assets		98,496	–
Amounts due from customers for contract work		–	72,207
Pledged bank deposits		36,874	200
Bank balances and cash		77,630	120,588
		<u>261,802</u>	<u>266,334</u>
Current liabilities			
Trade and other payables and accruals	10	50,940	68,255
Contract liabilities		2,383	–
Amounts due to customers for contract work		–	1,026
Amounts due to related parties		93	180
Tax payable		12,279	10,334
Bank borrowings	11	980	1,070
		<u>66,675</u>	<u>80,865</u>
Net current assets		<u>195,127</u>	<u>185,469</u>
Total assets less current liabilities		211,524	199,977
Non-current liability			
Bank borrowings	11	2,082	2,482
Net assets		<u>209,442</u>	<u>197,495</u>
Capital and reserves			
Share capital	12	10,300	10,300
Reserves		199,142	187,195
Equity attributable to owners of the Company		<u>209,442</u>	<u>197,495</u>

## NOTES

### 1. GENERAL INFORMATION AND REORGANISATION

#### General Information

Kin Pang Holdings Limited (the “Company”) was incorporated and registered as an exempted company with limited liability in the Cayman Islands under the Companies Law Chapter 22 of the Cayman Islands on 22 June 2017 and its shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) on 15 December 2017. The principal activity of the Company is investment holding and the principal activities of its subsidiaries (collectively referred to as the “Group”) are civil engineering business in Macau.

The unaudited condensed consolidated financial statements are presented in Macau Pataca (“MOP”), which is also the functional currency of the Company.

#### Group Reorganisation And Basis Of Preparation And Presentation

Before the completion of the reorganisation, Kin Pang Construction and Engineering Company Limited (“Kin Pang”) and Greatway Construction Engineering Limited (“Greatway”), the operating subsidiaries of the Company, were owned by Mr. Kong Kin I (“Mr. Kong”) and Ms. Choi Fong Lan (“Ms. Choi”), who is the spouse of Mr. Kong.

In preparation of the listing of the Company’s shares on the Stock Exchange (the “Listing”), the companies comprising the Group underwent the reorganisation as described below.

- (i) On 1 March 2017, Clear Achieve Global Limited (“Clear Achieve”) was incorporated as limited liability company in the BVI by issuing 60 shares and 40 shares of United States dollar (“US\$”) 1.00 each to Mr. Kong and Ms. Choi, respectively. On 19 May 2017, Clear Achieve allotted and issued 48 shares and 32 shares to Mr. Kong and Ms. Choi, respectively. The allotment was completed and shares were issued on 1 June 2017.
- (ii) On 31 May 2017, Mr. Kong and Ms. Choi transferred to Clear Achieve all shares of Kin Pang at a cash consideration of MOP250,000. Upon the completion of this transaction, Kin Pang became a wholly-owned subsidiary of Clear Achieve.
- (iii) Quasar Global Selection SPC Fund – Shenzhen Qianhai Glory Fund (“Pre-IPO Investor”), an independent third party and a segregated portfolio company incorporated in the Cayman Islands, entered into a subscription agreement with Clear Achieve, Mr. Kong and Ms. Choi for the subscription of 20 shares of Clear Achieve for a cash consideration of Hong Kong dollar (“HK\$”) 13,000,000 (equivalent to MOP13,450,000) on 19 May 2017. The subscription was completed on 1 June 2017.
- (iv) On 22 June 2017, the Company was incorporated in the Cayman Islands with an authorised share capital of HK\$380,000 divided into 38,000,000 shares of HK\$0.01 each with one share allotted and issued as nil-paid to the initial subscriber. On the same date, the initial subscriber transferred his one share to Fortunate Year, a company incorporated in the BVI with limited liability and owned as to 60% by Mr. Kong and 40% by Ms. Choi.
- (v) On 26 June 2017, Mr. Kong and Ms. Choi transferred the entire issued share capital of Greatway to Clear Achieve at a cash consideration of HK\$2. Upon the completion of this transaction, Greatway became a wholly-owned subsidiary of Clear Achieve.

- (vi) On 14 July 2017, Mr. Kong, Ms. Choi and Pre-IPO Investor transferred their entire equity interest in Clear Achieve to the Company in consideration of the allotment and issue of 89 shares of the Company to Fortunate Year (under the instruction of Mr. Kong and Ms. Choi) and 10 shares of the Company to Pre-IPO Investor. Upon completion of the transaction, Clear Achieve is the wholly-owned subsidiary of the Company.

Pursuant to the reorganisation detailed above, the Company became the holding company of the companies now comprising the Group on 14 July 2017. The Group comprising the Company and its subsidiaries resulting from the reorganisation is regarded as a continuing entity, accordingly, the consolidated financial statements have been prepared as if the Company had always been the holding company of the Group.

The unaudited condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 Interim Financial Reporting (“HKAS 34”) issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange.

The unaudited condensed consolidated financial statements have been prepared under the principles of merger accounting in accordance with the Accounting Guideline 5 “Merger Accounting for Common Control Combinations” (“AG 5”) issued by the HKICPA. The unaudited condensed consolidated statement of profit or loss and other comprehensive income, unaudited condensed consolidated statement of changes in equity and unaudited condensed consolidated statement of cash flows of the Group for the six months ended 30 June 2017 include the results, changes in equity and cash flows of the companies now comprising the Group as if the current group structure had been in existence throughout the six months ended 30 June 2017.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2017 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2018 annual financial statements. Details of any changes in accounting policies are set out in note 3.

The preparation of an interim financial report in conformity with HKAS 34 requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

This interim financial report contains unaudited condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2017 annual financial statements. The unaudited condensed consolidated interim financial statements and notes thereon do not include all of the information required for full set of financial statements prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”).

The interim financial report is unaudited. The financial information relating to the financial year ended 31 December 2017 that is included in the interim financial report as comparative information does not constitute the Company’s statutory annual consolidated financial statements for that financial year but is derived from those financial statements. Statutory financial statements for the year ended 31 December 2017 are available from the Company’s registered office. The auditors have expressed an unqualified opinion on those financial statements in their report dated 28 March 2018.

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

The unaudited condensed consolidated financial statements have been prepared on the historical cost basis. Except as described below, the accounting policies and methods of computation used in the unaudited condensed consolidated financial statements for the six months ended 30 June 2018 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 31 December 2017.

In the current interim period, the Group has applied, for the first time, the following new and revised HKFRSs issued by the HKICPA that are relevant for the preparation of the Group’s unaudited condensed consolidated financial statements:

HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers and the related Amendments
HK(IFRIC)–Int 22	Foreign Currency Transactions and Advance Consideration
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions
Amendments to HKFRS 4	Applying HKFRS 9 “Financial Instruments” with HKFRS 4 “Insurance Contracts”
Amendments to HKAS 28	As part of the Annual Improvements to HKFRSs 2014–2016 Cycle
Amendments to HKAS 40	Transfers of Investment Property

The new and amendments to HKFRSs have been applied in accordance with the relevant transition provisions in the respective standards and amendments which results in changes in accounting policies, amounts reported and/or disclosures as described below.

### **Impacts and changes in accounting policies of application on HKFRS 15 Revenue from Contracts with Customers**

The Group has applied HKFRS 15 for the first time in the current interim period. HKFRS 15 superseded HKAS 18 Revenue, HKAS 11 Construction Contracts and the related interpretations.

The Group recognises revenue from the provision of building and ancillary services and emergency repair services.

The Group has applied HKFRS 15 retrospectively with the cumulative effect of initially applying this Standard recognised at the date of initial application, 1 January 2018. Any difference at the date of initial application is recognised in the opening retained profits and comparative information has not been restated. Furthermore, in accordance with the transition provisions in HKFRS 15, the Group has elected to apply the Standard retrospectively only to contracts that are not completed at 1 January 2018. Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 18 Revenue and HKAS 11 Construction Contracts and the related interpretations.

### ***Key changes in accounting policies resulting from application of HKFRS 15***

HKFRS 15 introduces a 5-step approach when recognising revenue:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the Group satisfies a performance obligation

Under HKFRS 15, the Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when “control” of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation represents a good and service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met.

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- the Group's performance creates and enhances an asset that the customer controls as the Group performs; or
- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

A contract asset represents the Group's right to consideration in exchange for goods or services that the Group has transferred to a customer that is not yet unconditional. It is assessed for impairment in accordance with HKFRS 9. In contrast, a receivable represents the Group's unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due.

A contract liability represents the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

#### ***Summary of effects arising from initial application of HKFRS 15***

The revenue is recognised under output method by reference to the stage of completion of the contract activity at the end of the reporting period, which is measured based on the proportion that work performed with reference to surveys of work performed to date, customers' correspondence or other documents under HKFRS 15 and it is similar to the method used under HKAS 11. Accordingly, the application of HKFRS 15 does not have material impact on the retained profits of the Group as at 31 December 2017.

The following adjustments were made to the amounts recognised in the condensed consolidated statement of financial position at 1 January 2018. The table below shows only the items impacted by the adoption of HKFRS 15.

	<b>Carrying amounts previously reported at 31 December 2017 MOP'000</b>	<b>Reclassification MOP'000</b>	<b>Carrying amounts under HKFRS 15 1 January 2018 MOP'000</b>
Current assets			
Trade receivables and other receivables	73,339	(26,873)	46,466
Contract assets	–	99,080	99,080
Amounts due from customers for contract work	72,207	(72,207)	–
Current liabilities			
Contract liabilities	–	1,026	1,026
Amounts due to customers for contract work	1,026	(1,026)	–

The following table summarises the estimated impact of the adoption of HKFRS 15 on the unaudited condensed consolidated financial statements, by comparing the amounts reported under HKFRS 15 with estimates of the hypothetical amounts that would have been recognised under HKAS 11 if it had continued to be applied in 2018 instead of HKFRS 15. The table below shows only the items impacted by the adoption of HKFRS 15.

**Unaudited condensed consolidated statement of financial position at 30 June 2018 (Extract)**

	<b>Impact of changes in accounting policies</b>		
	<b>Amounts reported in accordance with HKFRS 15 MOP'000</b>	<b>Estimated impact of the adoption of HKFRS 15 MOP'000</b>	<b>Hypothetical amount under HKAS 11 MOP'000</b>
Current assets			
Trade receivables and other receivables	48,802	30,119	78,921
Contract assets	98,496	(98,496)	–
Amounts due from customers for contract work	–	68,377	68,377
Current liabilities			
Contract liabilities	2,383	(2,383)	–
Amounts due to customers for contract work	–	2,383	2,383

***Impacts and changes in accounting policies of application on HKFRS 9 Financial Instruments***

In the current period, the Group has applied HKFRS 9 Financial Instruments and the related consequential amendments to other HKFRSs. HKFRS 9 introduces new requirements for 1) the classification and measurement of financial assets and financial liabilities, 2) expected credit losses (“ECL”) for financial assets and contract assets and 3) general hedge accounting.

The Group has applied HKFRS 9 in accordance with the transition provisions set out in HKFRS 9. i.e. applied the classification and measurement requirements (including impairment) retrospectively to instruments that have not been derecognised as at 1 January 2018 (date of initial application) and has not applied the requirements to instruments that have already been derecognised as at 1 January 2018.

***Key changes in accounting policies resulting from application of HKFRS 9***

***Classification and measurement of financial assets***

Trade receivables arising from contracts with customers are initially measured in accordance with HKFRS 15.

All recognised financial assets that are within the scope of HKFRS 9 are subsequently measured at amortised cost or fair value, including unquoted equity investments measured at cost less impairment under HKAS 39.

Debt instruments that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.



Debt instruments that meet the following conditions are subsequently measured at fair value through other comprehensive income (“FVTOCI”):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at fair value through profit or loss (“FVTPL”), except that at the date of initial application/initial recognition of a financial asset the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income (“OCI”) if that equity investment is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which HKFRS 3 Business Combinations applies.

In addition, the Group may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

#### *Impairment under ECL model*

The Group recognises a loss allowance for ECL on financial assets which are subject to impairment under HKFRS 9 (including trade receivables, other receivables, contract assets and bank balances). The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL (“12m ECL”) represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessments are done based on the Group’s historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Group always recognises lifetime ECL for trade receivables and contract assets. The ECL on these assets are assessed collectively using a provision matrix with appropriate groupings.

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

#### *Significant increase in credit risk*

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument’s internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;



- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Group assumes that the credit risk on a debt instrument has not increased significantly since initial recognition if the debt instrument is determined to have low credit risk at the reporting date. A debt instrument is determined to have low credit risk if i) it has a low risk of default, ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations. The Group considers a debt instrument to have low credit risk when it has an internal or external credit rating of 'investment grade' as per globally understood definitions.

#### *Measurement and recognition of ECL*

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information.

Generally, the ECL is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit impaired, in which case interest income is calculated based on amortised cost of the financial asset.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade receivables and contract assets where the corresponding adjustment is recognised through a loss allowance account.

As at 1 January 2018, the Directors of the Company reviewed and assessed the Group's existing financial assets and contract assets for impairment using reasonable and supportable information that is available without undue cost or effort in accordance with the requirements of HKFRS 9. The results of the assessment and the impact thereof are detailed below.

#### *Summary of effects arising from initial application of HKFRS 9*

##### *Impairment under ECL model*

In relation to the impairment of financial assets, HKFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under HKAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect the changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

In the current period, the Group has applied HKFRS 9 simplified approach to measure ECL using lifetime ECL for trade receivables and contract assets.

Loss allowance for other financial assets at amortised cost mainly comprise of other receivables and bank balances and are measured on 12m ECL basis and there had been no significant increase credit risk since initial recognition.

The Directors considered the additional expect credit loss allowance as at 1 January 2018 measured under the ECL model is insignificant.

Except as described above, the application of the new and revised HKFRSs in the current interim period has had no material effect on the amounts reported in the unaudited condensed consolidated financial statements and/or disclosures set out in the unaudited condensed consolidated financial statements.

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

### 3. REVENUE AND SEGMENT INFORMATION

Revenue represents the net amounts received and receivable for building and ancillary services and emergency repair services rendered by the Group to customers.

#### Timing of revenue recognition and category of revenue

	<b>Six months ended 30 June</b>	
	<b>2018</b>	2017
	<b>MOP'000</b>	MOP'000
	<b>(unaudited)</b>	(unaudited)
Recognised over time and long-term contracts:		
– provision of building and ancillary services	<b>147,354</b>	87,587
– provision of emergency repair services	<b>5,955</b>	4,243
	<b>153,309</b>	91,830

#### Transactions price allocated to the remaining performance obligations

	<b>Six months ended 30 June</b>	
	<b>2018</b>	2017
	<b>MOP'000</b>	MOP'000
	<b>(unaudited)</b>	(unaudited)
Provision of building and ancillary services	<b>238,921</b>	109,753
Provision of emergency repair services	<b>3,154</b>	4,932
	<b>242,075</b>	114,685

The Group's reportable and operating segments under HKFRS 8 "Operating Segments" are as follows:

- (a) Building and ancillary services; and
- (b) Emergency repair services.

### Segment revenue and profit

#### For the six months ended 30 June 2018

	<b>Building and ancillary services MOP'000 (unaudited)</b>	<b>Emergency repair services MOP'000 (unaudited)</b>	<b>Total MOP'000 (unaudited)</b>
Segment revenue	<b>147,354</b>	<b>5,955</b>	<b>153,309</b>
Segment results	<b>19,599</b>	<b>1,311</b>	<b>20,910</b>
Other income, gains and losses, net			<b>785</b>
Administrative expenses			<b>(7,757)</b>
Finance costs			<b>(45)</b>
Profit before taxation			<b>13,893</b>

#### For the six months ended 30 June 2017

	<b>Building and ancillary services MOP'000 (unaudited)</b>	<b>Emergency repair services MOP'000 (unaudited)</b>	<b>Total MOP'000 (unaudited)</b>
Segment revenue	<b>87,587</b>	<b>4,243</b>	<b>91,830</b>
Segment results	<b>19,157</b>	<b>1,913</b>	<b>21,070</b>
Other income, gain and losses, net			<b>50</b>
Administrative expenses			<b>(4,401)</b>
Finance costs			<b>(80)</b>
Listing expenses			<b>(3,821)</b>
Profit before taxation			<b>12,818</b>

## Geographical information

No geographical segment information is presented for the Group's revenue as all derived from Macau based on the location of the projects.

The Group's non-current assets by geographical location of the assets are detailed below:

	<b>Non-current assets</b>	
	<b>At 30 June 2018 MOP'000 (unaudited)</b>	<b>At 31 December 2017 MOP'000 (audited)</b>
Macau	<b>16,086</b>	14,146
Hong Kong	<b>311</b>	362
	<b>16,397</b>	<b>14,508</b>

## Information about major customers

Revenue attributed to customers that accounted for 10% or more of the Group's total revenue during the six-month period which is generated from the building and ancillary services segment is as follow:

	<b>Six months ended 30 June</b>	
	<b>2018 MOP'000 (unaudited)</b>	<b>2017 MOP'000 (unaudited)</b>
Customer A	N/A*	36,513
Customer B	<b>56,331</b>	18,547
Customer C	N/A*	15,758
Customer D	<b>45,715</b>	N/A*
Customer E	<b>16,709</b>	N/A*

\* Less than 10% of the group's total revenue

## 4. OTHER INCOME, GAINS AND LOSSES, NET

	<b>Six months ended 30 June</b>	
	<b>2018 MOP'000 (unaudited)</b>	<b>2017 MOP'000 (unaudited)</b>
Interest income	<b>1</b>	1
Loss on disposal of property, plant and equipment	<b>(3)</b>	–
Other income	<b>787</b>	49
	<b>785</b>	<b>50</b>

## 5. PROFIT BEFORE TAXATION

	Six months ended 30 June	
	2018	2017
	MOP'000 (unaudited)	MOP'000 (unaudited)
Profit before taxation has been arrived at after charging:		
Interests on bank borrowing	45	80
Donation	309	–
Depreciation of property, plant and equipment	1,896	1,369
Staff costs (including directors' emoluments):		
Salaries and other benefits	20,733	17,128
Retirement benefits scheme contributions	89	67
	20,822	17,195
Less: staff cost capitalised to direct costs	(17,467)	(14,669)
	3,355	2,526
Minimum lease payments under operating leases in respect of		
– land and building (included in administrative expenses)	1,085	944
– site equipment (included in direct costs)	1,716	642
	2,801	1,586

## 6. INCOME TAX EXPENSE

	Six months ended 30 June	
	2018	2017
	MOP'000 (unaudited)	MOP'000 (unaudited)
Macau Complementary Tax:		
Current tax	1,946	1,969

Macau Complementary Tax is calculated at 12% of the estimated assessable profits exceeding MOP600,000 for both years.

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits for both years.

## 7. DIVIDENDS

The Board resolved not to declare payment of any interim dividend for the six months ended 30 June 2018.

## 8. EARNINGS PER SHARE

The basic earnings per share is calculated based on the profit for the year attributable to owners of the Company of approximately MOP11,947,000 (2017: approximately MOP10,849,000) and the weighted average number of ordinary shares in issue during the six months ended 30 June 2018 of approximately 1,000,000,000 (2017: 733,260,000) on the assumption that the reorganisation and the capitalisation issue as defined in notes 1 and 12 respectively, had been effective on 1 January 2017. No diluted earnings per share is presented for both years as there was no potential ordinary share outstanding.

## 9. TRADE RECEIVABLES AND OTHER RECEIVABLES

	At 30 June 2018 MOP'000 (unaudited)	At 31 December 2017 MOP'000 (audited)
Trade receivables	28,113	31,041
Retention receivables ( <i>note</i> )	–	26,873
Deposits, prepayments and other receivables	21,444	17,625
	<hr/>	<hr/>
Total	<b>49,557</b>	<b>75,539</b>
	<hr/> <hr/>	<hr/> <hr/>

*Note:* Retention receivables are unsecured and interest-free and represented the monies withheld by customers of contract works recoverable after the completion of defect liability period of the relevant contracts or in accordance with the terms specified in the relevant contracts, ranging from 1 to 2 years from the date of completion of respective building and ancillary projects.

Analysed for reporting purposes as:

Non-current assets ( <i>note</i> )	755	2,200
Current assets	48,802	73,339
	<hr/>	<hr/>
	<b>49,557</b>	<b>75,539</b>
	<hr/> <hr/>	<hr/> <hr/>

*Note:* As at 30 June 2018, include in the balance, MOP85,000 (31 December 2017: MOP85,000) was paid to Mr. Kong and Ms. Choi as the refundable rental deposit in relation to the lease of premise which is owned by Mr. Kong and Ms. Choi as office of the Group.

### Trade receivables

The Group grants credit terms of 30–60 days to its customers from the date of invoices on progress payments of contract works. An ageing analysis of the trade receivables presented based on the invoice date at the end of the reporting period is as follows:

	At 30 June 2018 MOP'000 (unaudited)	At 31 December 2017 MOP'000 (audited)
0–30 days	24,973	18,338
31–60 days	440	3,200
61–90 days	103	1,553
91–365 days	700	7,235
Over 365 days	1,897	715
	<hr/>	<hr/>
	<b>28,113</b>	<b>31,041</b>
	<hr/> <hr/>	<hr/> <hr/>

## 10. TRADE AND OTHER PAYABLES AND ACCRUALS

	At 30 June 2018 MOP'000 (unaudited)	At 31 December 2017 MOP'000 (audited)
Trade payables	25,846	47,824
Salaries payable	2,961	7,316
Retention payables ( <i>note</i> )	11,635	10,301
Accruals and other payables	10,498	2,814
	<u>50,940</u>	<u>68,255</u>

*Note:* Retention payables to subcontractors are interest-free and payable at the end of the defect liability period of individual contracts (i.e. one year after completion of respective contract). All retention payables are expected to be settled within one year based on the expiry date of the defect liability period.

The credit period grants to the Group by suppliers/subcontractors normally ranges from 0 to 60 days. The following is an ageing analysis of trade payables based on the invoice date at the end of the reporting period:

	At 30 June 2018 MOP'000 (unaudited)	At 31 December 2017 MOP'000 (audited)
0 to 30 days	22,637	43,727
31–60 days	390	864
61–90 days	209	596
91–180 days	2	796
181–365 days	804	81
Over 365 days	1,804	1,760
	<u>25,846</u>	<u>47,824</u>

## 11. BANK BORROWINGS

During the current interim period, the Group has repaid bank loans amounting to MOP3,096,000.

The bank borrowings and other bank facilities including performance guarantee are secured by:

- (i) the pledged bank balances of MOP36,874,000 as at 30 June 2018 (31 December 2017: MOP200,000); and
- (ii) unlimited deed of guarantee by the Company.



## 12. SHARE CAPITAL

The share capital as at 30 June 2017 represented the combined share capital of the Company and Clear Achieve. The share capital as at 31 December 2017 and 30 June 2018 represented the share capital of the Company.

Details of the share capital of the Company are disclosed as follows:

	Number of shares	Amount MOP'000
Ordinary shares of HK\$0.01 each		
Authorised:		
At 22 June 2017 (date of incorporation) to 30 June 2017 ( <i>note i</i> )	38,000,000	391
Increase on 24 November 2017 ( <i>note iii</i> )	9,962,000,000	102,609
	<u>10,000,000,000</u>	<u>103,000</u>
At 31 December 2017 and 30 June 2018	<u>10,000,000,000</u>	<u>103,000</u>
Issued and fully paid:		
At 22 June 2017 (date of incorporation) to 30 June 2017 ( <i>note i</i> )	1	–
Issue of new shares on reorganisation ( <i>note ii</i> )	99	–
Capitalisation issue ( <i>note iv</i> )	799,999,900	8,240
Issue of new shares upon the Listing ( <i>note v</i> )	200,000,000	2,060
	<u>1,000,000,000</u>	<u>10,300</u>
At 31 December 2017 and 30 June 2018	<u>1,000,000,000</u>	<u>10,300</u>

### Notes:

- (i) On 22 June 2017, the Company was incorporated with an authorised share capital of HK\$380,000 (equivalent to MOP391,400) divided into 38,000,000 shares of HK\$0.01 each. Upon its incorporation, one share was allotted at par and credited as fully paid.
- (ii) On 14 July 2017, 99 shares of the Company were allotted and issued for acquisition of Clear Achieve. Details refer to note 2(vi).
- (iii) Pursuant to the written resolutions passed by the shareholders on 24 November 2017, the authorised share capital of the Company was increased from HK\$380,000 (equivalent to MOP391,400) to HK\$100,000,000 (equivalent to MOP103,000,000) by creation of additional 9,962,000,000 ordinary shares of HK\$0.01 each which, upon issue, shall rank *pari passu* in all aspects with the existing issued ordinary shares.
- (iv) Pursuant to the written resolutions passed by the shareholders on 24 November 2017, conditional upon the share premium account of the Company being credited as a result of the offer of the Company's shares, the directors of the Company were authorised to capitalise the amount of HK\$7,999,999 (equivalent to MOP8,239,999) from the amount standing to the credit of the share premium account of the Company and to apply such amount to pay up in full at par. The capitalisation issue was completed on 15 December 2017.
- (v) On 15 December 2017, 200,000,000 shares of the Company were issued at HK\$0.48 per share for a total consideration of HK\$96,000,000 (equivalent to MOP98,880,000).

All issued shares rank *pari passu* in all respects including all rights as to dividends, voting and return of capital.

## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW

On 15 December 2017 (the “Listing Date”), the shares of the Company (the “Shares”) were listed on the Main Board of the Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

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 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; and (iii) the Macau Government.

During the six months ended 30 June 2018, 11 building and ancillary services projects with an aggregate contract sum of MOP284.7 million were awarded. The Group had completed 26 building and ancillary services projects during this period. As at 30 June 2018, the Group’s backlog included 12 building and ancillary services projects, with an aggregate outstanding contract sum of MOP238.9 million.

### FINANCIAL REVIEW

#### Revenue

The following table sets forth a breakdown of the Group’s revenue by business segments during the six months ended 30 June 2018 and 2017:

	Six months ended 30 June (Unaudited)			
	2018		2017	
	<i>MOP’000</i>	<i>%</i>	<i>MOP’000</i>	<i>%</i>
Building and ancillary services	<b>147,354</b>	<b>96.1</b>	87,587	95.4
Emergency repair services	<b>5,955</b>	<b>3.9</b>	4,243	4.6
Total	<b><u>153,309</u></b>	<b><u>100.0</u></b>	<b><u>91,830</u></b>	<b><u>100.0</u></b>

During the six months ended 30 June 2018, the Group's total revenue increased by approximately MOP61.5 million or 67.0% relative to that of the corresponding period in 2017. The increase was attributable to an increase in building and ancillary services revenue of approximately MOP59.8 million or 68.3%, a majority of which were derived from foundation associated works of building and ancillary services projects.

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

The Group's gross profit margin dropped to approximately 13.6% for the six months ended 30 June 2018 from approximately 22.9% for the corresponding period in 2017, as manifested by a decrease in the Group's gross profit by approximately MOP0.2 million or 0.9% to approximately MOP20.9 million for the six months ended 30 June 2018 from approximately MOP21.1 million for the corresponding period in 2017.

This drop in the gross profit margin was mainly attributable to a higher proportion of foundation associated works being undertaken during the six months ended 30 June 2018. Generally speaking, the foundation associated works of building and ancillary services have a lower profit margin relative to other types of building and ancillary services. During the six months ended 30 June 2018, the foundation associated works accounted for 73.6% of the total gross profit for this period, compared with only 21.7% for the corresponding period in 2017.

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

The Group's other income increased by approximately MOP735,000 or 1470.0% from approximately MOP50,000 for the six months ended 30 June 2017 to approximately MOP785,000 for the six months ended 30 June 2018. Such increase was mainly attributable to the increase in sundry income, mainly the disposal of scraps, from MOP49,000 in the six months ended 30 June 2017 to approximately MOP787,000 for the six months ended 30 June 2018, offset by increase of loss on disposal of property, plant and equipment from nil for the six months ended 30 June 2017 to approximately MOP3,000 for the six months ended 30 June 2018.

### **Administrative Expenses**

The Group's administrative expenses increased by approximately MOP3.4 million or 77.3% from approximately MOP4.4 million for the six months ended 30 June 2017 to approximately MOP7.8 million for the six months ended 30 June 2018. Such increase was mainly attributable to (i) the increase in the expense to maintain the listing status of the Company e.g. share

registration services, financial and compliance advisory services, financial printing etc. of approximately MOP1.3 million; (ii) the increase in staff costs (including directors' emoluments) of approximately MOP0.9 million due to the increase in salary of employees and the increase in directors' emoluments; (iii) the increase in the charitable donation of approximately MOP0.3 million; (iv) the increase in staff welfare of approximately MOP0.3 million; and (v) the increase in repair and maintenance of approximately MOP0.2 million.

### **Listing Expenses**

The Group did not incur any listing expenses for the six months ended 30 June 2018 while the Group incurred listing expenses of approximately MOP3.8 million for the six months ended 30 June 2017.

### **Finance Costs**

The Group's finance costs decreased by approximately MOP35,000 or 43.8% from approximately MOP80,000 for the six months ended 30 June 2017 to approximately MOP45,000 for the six months ended 30 June 2018. Such decrease was mainly attributable to the bank borrowings decreased by approximately MOP0.5 million during the six months ended 30 June 2018, leading to a reduction in the interest expenses incurred.

### **Income Tax Expense**

The Group's income tax expense decreased by approximately MOP23,000 or 1.2% from approximately MOP1,969,000 for the six months ended 30 June 2017 to approximately MOP1,946,000 for the six months ended 30 June 2018. The Group's effective tax rate decreased to approximately 14.0% for the six months ended 30 June 2018. The relatively higher effective tax rate in 2017 was mainly attributable to the non-tax deductible professional services fees relating to the listing of the Shares incurred during that period.

### **Profit and Total Comprehensive Income**

The Group's profit and total comprehensive income for the year increased by approximately MOP1.0 million or 9.2% from approximately MOP10.9 million for the six months ended 30 June 2017 to approximately MOP11.9 million for the six months ended 30 June 2018, which was mainly attributable to the combined effect of the aforementioned items.

### **Basic Earnings per Share**

The Company's basic earnings per Share for the six months ended 30 June 2018 was approximately MOP1.19 cents (2017: MOP1.48 cents), representing a decrease of approximately MOP0.29 cents or 19.6% which was mainly attributable to the increase in the weighted average number of ordinary shares for the purpose of calculating basic earnings for share regardless the increase in earnings for the six months ended 30 June 2018.

## **Interim Dividend**

The Board does not recommend the payment of interim dividend for the six months ended 30 June 2018 (2017: Nil).

## **CORPORATE FINANCE AND RISK MANAGEMENT**

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

The Group adopts a prudent approach in cash management to minimise financial and operational risks. The Group's operations mainly rely on internally generated cash flows and bank borrowings.

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and mitigate the effects of unexpected fluctuations in cash flows.

As at 30 June 2018, the Group had bank balances and cash of approximately MOP77.6 million (31 December 2017: MOP120.6 million) and had no bank overdrafts (31 December 2017: Nil).

As at 30 June 2018, the Group had an aggregate of pledged bank deposits of approximately MOP36.9 million (31 December 2017: MOP0.2 million) that are used to secure banking facilities.

As at 30 June 2018, bank borrowings amounted to approximately MOP3.1 million (31 December 2017: MOP3.6 million) of which approximately MOP1.0 million, MOP0.4 million, MOP1.4 million, and MOP0.3 million (31 December 2017: MOP1.1 million, MOP0.6 million, MOP1.3 million, and MOP0.6 million) will mature within one year, one year to two years, two years to five years and more than five years, respectively.

Current ratio increased from 3.3 times as at 31 December 2017 to 3.9 times as at 30 June 2018. It was mainly due to the reduction of trade payables.

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 decreased from 1.8% as at 31 December 2017 to 1.5% as at 30 June 2018. It was mainly due to the reduction of bank borrowings of MOP0.5 million during the six months ended 30 June 2018.

As at 30 June 2018, the share capital and equity attributable to owners of the Company amounted to approximately MOP10.3 million and approximately MOP209.4 million, respectively (31 December 2017: MOP10.3 million and MOP197.5 million, respectively).

## **Capital Commitments**

At as 30 June 2018, the Group had operating lease commitments of approximately MOP3.0 million (31 December 2017: MOP2.6 million).

At as 30 June 2018, the Group had no capital commitments (31 December 2017: Nil).

## **Contingent Liabilities**

As at 30 June 2018, performance guarantee of approximately MOP15.9 million (31 December 2017: MOP36.9 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 guarantee due to the failure of the Group's performance. The performance guarantee 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 is probable that a claim will be made against the Group.

## **Exposure to Fluctuations in Exchange Rates and Interest Rates and Corresponding Hedging Arrangements**

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 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.

## **EMPLOYEES**

The Group had 82 full-time employees as at 30 June 2018 (31 December 2017: 87).

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 MOP20.8 million for the six months ended 30 June 2018 (2017: MOP17.2 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.

## USE OF PROCEEDS FROM THE SHARE OFFER

The Shares have been listed and traded on the Main Board of the Stock Exchange since 15 December 2017.

The net proceeds from the share offer (the "Share Offer") as defined in prospectus of the Company dated 30 November 2017 (the "Prospectus") amounted to approximately HK\$72.0 million (equivalent to approximately MOP74.2 million) (after deducting underwriting fees and commissions and all related expenses). Such net proceeds are intended to be applied in the same manner and the same proportion as disclosed in the Prospectus and the announcement of the Company in relation to the allotment result dated 14 December 2017. The below table sets out the proposed applications and utilised amounts of the net proceeds up to 30 June 2018.

	Net proceeds (HK\$ million)		
	Available	Utilised	Unutilised
Financing for the issue of performance guarantees for future projects	39.6	36.3	3.3
Acquisition of additional machinery and equipment	14.4	5.3	9.1
Further strengthening manpower	10.8	4.1	6.7
General working capital	7.2	7.2	–
	<u>72.0</u>	<u>52.9</u>	<u>19.1</u>

As at 30 June 2018, the unutilised net proceeds from the Share Offer were deposited in the bank accounts of the Group.

## PROSPECTS AND STRATEGIES

The Group believes that there will be the growing demand in the construction industry in Macau in the foreseeable future.

According to the Frost & Sullivan Report, the estimated revenue of building and ancillary services market in Macau has grown from approximately MOP13.4 billion in 2012 to approximately MOP47.1 billion in 2016, representing a compound annual growth rate ("CAGR") of approximately 36.9%. Driven by the growing demand for the building and ancillary services from redevelopment of gambling and tourism industry and supportive policies in new construction works, it is expected that building and ancillary services market in Macau will continue to expand at a CAGR of approximately 17.7%, increase from approximately MOP56.7 billion in 2017 to approximately MOP108.8 billion in 2021.



The Group's principal business objective is to further strengthen its position as an integrated construction contractor in Macau. The Group intends to achieve its business objective by expanding its scale of operation through its intended effort in actively seeking opportunities in undertaking additional building and ancillary services projects and emergency repair services projects, from both existing and potential new customers, on top of its present scale of operation and its current projects on hand.

## **INTERIM DIVIDEND**

The Board does not recommend the payment of interim dividend for the six months ended 30 June 2018.

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

During the six months ended 30 June 2018, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

## **EVENTS AFTER THE REPORTING PERIOD**

The Company completed the acquisition of 7% of the entire equity interest of Min Kin Holdings Limited (the "Acquisition") on 15 August 2018. The details of the Acquisition were disclosed on the announcements of the Company dated 23 July 2018, 9 August 2018 and 15 August 2018. Except as the Acquisition, the Board is not aware of any significant event requiring disclosure that has taken place subsequent to 30 June 2018 and up to the date of this announcement.

## **CORPORATE GOVERNANCE CODE**

The Board is of the view that during the six months ended 30 June 2018 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") contain in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") except the deviation from provision A.2.1 of the CG Code.

Pursuant to code provision A.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 BY DIRECTORS**

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, each of them confirmed that they have complied with the required standards set out in the Model Code during the six months ended 30 June 2018.

## **AUDIT COMMITTEE**

The audit committee of the Company, consisting of three independent non-executive Directors, has reviewed the unaudited condensed consolidated financial statements of the Group and the interim results announcement of the Company for the six months ended 30 June 2018.

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

This interim 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 interim 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 period.

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

Hong Kong, 30 August 2018

*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 of the Company; and (ii) Mr. Cheung Wai Lun Jacky, Mr. Cheung Kin Wing and Mr. Zhao Zhipeng as independent non-executive directors of the Company.*