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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)**

**ANNUAL RESULTS ANNOUNCEMENT**  
**FOR THE YEAR ENDED 31 DECEMBER 2020**

**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 2020 together with the comparative figures for the corresponding year ended 31 December 2019.

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

*For the year ended 31 December 2020*

	<i>NOTES</i>	<b>2020</b> <i>MOP'000</i>	2019 <i>MOP'000</i>
Revenue	4	<b>708,178</b>	292,625
Direct costs		<b>(666,202)</b>	(253,614)
Gross profit		<b>41,976</b>	39,011
Other income, gain and loss	5	<b>2,187</b>	630
Impairment losses under expected credit loss model		<b>(5,140)</b>	(4,214)
Administrative expenses		<b>(21,524)</b>	(17,588)
Finance costs	6	<b>(1,280)</b>	(303)
Profit before tax		<b>16,219</b>	17,536
Income tax expense	7	<b>(3,332)</b>	(3,294)
Profit for the year	8	<b>12,887</b>	14,242

	<i>NOTES</i>	<b>2020</b> <i>MOP'000</i>	2019 <i>MOP'000</i>
Other comprehensive (loss) income for the year			
<i>Item that will not be reclassified to profit or loss:</i>			
Fair value (loss) gain on equity instrument at fair value through other comprehensive income ("FVTOCI")		<u>(6,905)</u>	<u>971</u>
Total comprehensive income for the year		<u><b>5,982</b></u>	<u>15,213</u>
Profit for the year attributable to owners of the Company		<u><b>12,887</b></u>	<u>14,242</u>
Total comprehensive income for the year attributable to owners of the Company		<u><b>5,982</b></u>	<u>15,213</u>
Earnings per share	10		
Basic ( <i>MOP cents</i> )		<u><b>1.29</b></u>	<u>1.42</u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2020

	<i>NOTES</i>	<b>2020</b> <i>MOP'000</i>	2019 <i>MOP'000</i>
Non-current assets			
Property, plant and equipment		<b>45,255</b>	27,855
Right-of-use assets		<b>5,442</b>	6,172
Deposits		<b>492</b>	8,614
Equity instrument at FVTOCI		<b>4,220</b>	11,125
		<b>55,409</b>	53,766
Current assets			
Trade receivables	11	<b>109,378</b>	84,251
Other receivables, deposits and prepayments		<b>51,169</b>	15,463
Contract assets		<b>190,692</b>	157,317
Pledged bank deposits		<b>41,674</b>	25,750
Bank balances and cash		<b>30,108</b>	30,067
		<b>423,021</b>	312,848
Current liabilities			
Trade and other payables	12	<b>201,583</b>	108,005
Tax payable		<b>8,020</b>	7,654
Bank borrowings	13	<b>7,158</b>	2,643
Lease liabilities		<b>1,533</b>	1,608
		<b>218,294</b>	119,910
Net current assets		<b>204,727</b>	192,938
Total assets less current liabilities		<b>260,136</b>	246,704
Non-current liabilities			
Bank borrowings	13	<b>21,173</b>	13,196
Lease liabilities		<b>4,059</b>	4,586
		<b>25,232</b>	17,782
Net assets		<b>234,904</b>	228,922
Capital and reserves			
Share capital		<b>10,300</b>	10,300
Reserves		<b>224,604</b>	218,622
Total equity		<b>234,904</b>	228,922

## NOTES

### 1. GENERAL

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

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

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

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

The Group has applied the Amendments to References to the Conceptual Framework in HKFRS Standards and the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2020 for the preparation of the consolidated financial statements:

Amendments to HKAS1 and HKAS 8	Definition of Material
Amendments to HKFRS 3	Definition of a Business
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform

The application of the Amendments to References to the Conceptual Framework in HKFRS Standards and the amendments to HKFRSs in the current year had no material impact on the Group’s financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

### 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.

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

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

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

1. Building and ancillary services
2. Emergency repair services

### Segment revenue and results

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

#### *Year ended 31 December 2020*

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

#### *Year ended 31 December 2019*

	<b>Building and ancillary services <i>MOP'000</i></b>	<b>Emergency repair services <i>MOP'000</i></b>	<b>Consolidated <i>MOP'000</i></b>
Segment revenue	<b>275,865</b>	<b>16,760</b>	<b>292,625</b>
Segment profit	<b>25,065</b>	<b>9,732</b>	<b>34,797</b>
Other income, gain and loss			<b>630</b>
Administrative expenses			<b>(17,588)</b>
Finance costs			<b>(303)</b>
Profit before tax			<b>17,536</b>

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

## 5. OTHER INCOME, GAIN AND LOSS

	2020 <i>MOP'000</i>	2019 <i>MOP'000</i>
Interest income	695	618
Income from rental of equipment	590	–
Government subsidies ( <i>Note</i> )	422	–
Gain on lease termination	5	33
Loss on disposal of property, plant and equipment	–	(96)
Sale of leftover piles	322	–
Sundry income	153	75
	<u>2,187</u>	<u>630</u>

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

## 6. FINANCE COSTS

	2020 <i>MOP'000</i>	2019 <i>MOP'000</i>
Interest on bank borrowings	972	125
Interest on bank overdrafts	37	19
Interest on lease liabilities	271	159
	<u>1,280</u>	<u>303</u>

## 7. INCOME TAX EXPENSE

	2020 <i>MOP'000</i>	2019 <i>MOP'000</i>
Macau Complementary Tax:		
Current tax	3,674	3,308
Overprovision in prior years	(342)	(14)
	<u>3,332</u>	<u>3,294</u>

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

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

## 8. PROFIT FOR THE YEAR

Profit for the year has been arrived at after charging:

	2020 <i>MOP'000</i>	2019 <i>MOP'000</i>
Depreciation of property, plant and equipment	7,679	4,917
Depreciation of right-of-use assets	<u>2,048</u>	<u>2,401</u>
Total depreciation	<u><u>9,727</u></u>	<u><u>7,318</u></u>
Auditor's remuneration	926	824
Employees benefits expenses	105,087	52,405
Expense relating to short-term leases and other leases with lease terms end within 12 months	<u>3,636</u>	<u>3,583</u>

## 9. DIVIDENDS

No dividend was paid or proposed for ordinary shareholders of the Company during the years ended 31 December 2020 and 2019, nor has any dividend been proposed since the end of the reporting period.

## 10. EARNINGS PER SHARE

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

### Earnings

	2020 <i>MOP'000</i>	2019 <i>MOP'000</i>
Profit for the year attributable to owners of the Company for the purpose of basic earnings per share	<u><u>12,887</u></u>	<u><u>14,242</u></u>

### Number of shares

	2020 '000	2019 '000
Weight average number of ordinary shares for the purpose of basic earnings per share	<u><u>1,000,000</u></u>	<u><u>1,000,000</u></u>

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

## 11. TRADE RECEIVABLES

	2020 <i>MOP'000</i>	2019 <i>MOP'000</i>
Trade receivables		
– contracts with customers	<b>110,785</b>	84,685
Less: Allowance for credit losses	<b>(1,407)</b>	(434)
	<b>109,378</b>	84,251

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

	2020 <i>MOP'000</i>	2019 <i>MOP'000</i>
0–30 days	<b>101,863</b>	69,143
31–60 days	<b>6,915</b>	199
61–90 days	–	86
91–365 days	<b>8</b>	13,536
Over 365 days	<b>1,999</b>	1,721
	<b>110,785</b>	84,685

## 12. TRADE AND OTHER PAYABLES

	2020 <i>MOP'000</i>	2019 <i>MOP'000</i>
Trade payables	<b>135,742</b>	79,424
Salaries payable	<b>11,577</b>	7,157
Retention payables	<b>38,369</b>	18,807
Accruals and other payables	<b>15,895</b>	2,617
	<b>201,583</b>	108,005

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

	2020 <i>MOP'000</i>	2019 <i>MOP'000</i>
0–30 days	<b>131,832</b>	70,352
31–60 days	<b>1,894</b>	6,625
61–90 days	<b>78</b>	760
91–180 days	<b>988</b>	736
181–365 days	–	1
Over 365 days	<b>950</b>	950
	<b>135,742</b>	79,424

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

### 13. BANK BORROWINGS

	2020 <i>MOP'000</i>	2019 <i>MOP'000</i>
Secured bank borrowings	21,785	15,839
Unsecured bank borrowings	6,546	–
	<u>28,331</u>	<u>15,839</u>
The carrying amounts of the above borrowings are repayable (based on scheduled repayment dates set out in the loan agreements):		
Within one year	7,158	2,643
Within a period of more than one year but not more than two years	7,455	2,746
Within a period of more than two years but not more than five years	10,654	6,634
Within a period of more than five years	3,064	3,816
	<u>28,331</u>	15,839
Less: Amounts due within one year shown under current liabilities	<u>(7,158)</u>	<u>(2,643)</u>
Amounts shown under non-current liabilities	<u>21,173</u>	<u>13,196</u>

The bank borrowings are at floating rates which carry interest at MOP best lending rate plus/minus a spread. The effective interest rate on the Group's bank borrowings was 3.83% (2019: 3.43%) per annum as at 31 December 2020.

## 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 2020, 35 building and ancillary services projects with an aggregate contract sum of MOP165.4 million were awarded. The Group had completed 34 building and ancillary services projects during the year ended 31 December 2020. As at 31 December 2020, the Group's backlog consisted of 20 building and ancillary services projects, which exclude those completed but not certified, with an aggregate outstanding contract sum of MOP415.7 million. Subsequent to the end of the reporting period and up to the date of this announcement, a building and ancillary services project with an aggregate contract sum of MOP435.8 million was awarded.

### FINANCIAL REVIEW

#### Revenue

The following table sets forth a breakdown of the Group's revenue by business segments during the years ended 31 December 2020 and 2019:

	Year ended 31 December			
	2020		2019	
	<i>MOP'000</i>	%	<i>MOP'000</i>	%
Building and ancillary services	<b>694,298</b>	<b>98.0</b>	275,865	94.3
Emergency repair services	<b>13,880</b>	<b>2.0</b>	16,760	5.7
Total	<b>708,178</b>	<b>100.0</b>	292,625	100.0

During the year ended 31 December 2020, the Group's total revenue increased by approximately MOP415.6 million or 142.0% as compared to the year ended 31 December 2019. The increase was attributable to an increase in building and ancillary services revenue of approximately MOP418.4 million or 151.7%, a majority of which were derived from major large-scale foundation associated works of building and ancillary services projects.

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

The Group's gross profit increased by approximately MOP3.0 million or 7.7% to approximately MOP42.0 million for the year ended 31 December 2020 from approximately MOP39.0 million for the year ended 31 December 2019. The Group's gross profit margin decreased to approximately 5.9% for the year ended 31 December 2020 from approximately 13.3% for the year ended 31 December 2019.

The increase in the gross profit was mainly attributable to the increase in revenue of the building and ancillary services projects undertaken. The drop in the gross profit margin was mainly attributable to the decrease in the gross profit margin of building ancillary services. In order to increase the chance of being awarded the projects, the Group had made the contract sum of the tenders more competitive. As a result, the large-scale foundation associated works of building and ancillary services projects undertaken had a relatively low gross profit margin. During the year ended 31 December 2020, those projects accounted for a substantial portion of the gross profit of the Group. Hence, the gross profit margin turned out to be much lower compared to the previous years.

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

The Group's other income increased by approximately MOP1,557,000 or 247.1% from approximately MOP630,000 for the year ended 31 December 2019 to approximately MOP2,187,000 for the year ended 31 December 2020. Such increase was mainly attributable to the increase in the income from rental of equipment, government subsidies and sale of leftover piles during the year ended 31 December 2020.

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

The Group's impairment losses under expected credit loss ("ECL") model was approximately MOP5.1 million for the year ended 31 December 2020 and was approximately MOP4.2 million for the year ended 31 December 2019. 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 MOP3,936,000 or 22.4% from approximately MOP17,588,000 for the year ended 31 December 2019 to approximately MOP21,524,000 for the year ended 31 December 2020. Such increase was mainly attributable to the increase in staff costs.

## **Finance Costs**

The Group's finance costs increased by approximately MOP977,000 or 322.4% from approximately MOP303,000 for the year ended 31 December 2019 to approximately MOP1,280,000 for the year ended 31 December 2020. Such increase was mainly attributable to the increase in bank loan interest of bank borrowings for financing the acquisitions of the machineries.

## **Income Tax Expense**

The Group's income tax expense increased by approximately MOP38,000 or 1.2% from approximately MOP3,294,000 for the year ended 31 December 2019 to approximately MOP3,332,000 for the year ended 31 December 2020. The Group's effective tax rate increased from 18.8% for the year ended 31 December 2019 to 20.5% for the year ended 31 December 2020.

## **Profit for the Year**

The Group's profit for the year decreased by approximately MOP1.3 million or 9.2% from approximately MOP14.2 million for the year ended 31 December 2019 to approximately MOP12.9 million for the year ended 31 December 2020.

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

The Group's other comprehensive expense was approximately MOP6,905,000 for the year ended 31 December 2020 compared to other comprehensive income approximately MOP971,000 for the year ended 31 December 2019. The decrease was mainly attributable to fair value loss on investment in an equity instrument at fair value through other comprehensive expense.

## **Total Comprehensive Income for the Year**

The Group's total comprehensive income decreased by approximately MOP9.2 million or 60.7% from approximately MOP15.2 million for the year ended 31 December 2019 to approximately MOP6.0 million for the year ended 31 December 2020, 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 year ended 31 December 2020 was approximately MOP1.29 cents (2019: MOP1.42 cents), representing a decrease of approximately MOP0.13 cents or 9.2% which is in line with the profit for the period attributable to owners of the Company when compared to the year ended 31 December 2019.

## **Final Dividend**

The Board does not recommend the payment of final dividend for the year ended 31 December 2020 (2019: Nil).

## **Property, Plant and Equipment**

The Group's property, plant and equipment was approximately MOP45.3 million as at 31 December 2020 compared to approximately MOP27.9 million as at 31 December 2019. Due to business expansion, the Group acquired property, plant and equipment of approximately MOP25.1 million (inclusive of capital expenditure commitment amounting to MOP15.2 million as at 31 December 2019) during the year ended 31 December 2020 (2019: approximately MOP19.3 million). The capital expenditures were financed by the proceeds from internal resources and general borrowings of the Group.

## **CORPORATE FINANCE AND RISK MANAGEMENT**

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

As at 31 December 2020, the Group had bank balances and cash of approximately MOP30.1 million (2019: MOP30.1 million) and had no bank overdrafts (2019: Nil).

As at 31 December 2020, the Group had an aggregate of pledged bank deposits of approximately MOP41.7 million (2019: MOP25.8 million) that are used to secure banking facilities.

As at 31 December 2020, bank borrowings amounted to approximately MOP28.3 million (2019: MOP15.8 million) of which approximately MOP7.2 million, MOP7.5 million, MOP10.6 million, and MOP3.0 million (2019: MOP2.6 million, MOP2.8 million, MOP6.6 million, and MOP3.8 million) will mature within one year, one year to two years, two years to five years and more than five years, respectively.

Current ratio decreased from 2.6 times as at 31 December 2019 to 1.9 times as at 31 December 2020. It was mainly due to the increase of trade and other payables and current portions of bank borrowings.

Gearing ratio is calculated based on debts including payables incurred not in the ordinary course of business divided by the total equity as at the respective reporting dates. Gearing ratio increased from 6.9% as at 31 December 2019 to 12.1% as at 31 December 2020. It was mainly due to the increase in bank borrowings of MOP12.5 million during the year ended 31 December 2020.

As at 31 December 2020, the share capital and equity attributable to owners of the Company amounted to approximately MOP10.3 million and approximately MOP234.9 million, respectively (2019: MOP10.3 million and MOP228.9 million, respectively).

### **Capital Commitments**

At as 31 December 2020, the Group had no capital commitments (2019: MOP15.2 million).

### **Contingent Liabilities**

As at 31 December 2020, performance guarantees of approximately MOP135.8 million (2019: MOP35.5 million) were given by a bank in favour of the Group's customers as security for the due performance and observance of the Group's obligations under the contracts entered into between the Group and their customers. The Group has contingent liabilities to indemnify the bank for any claims from customers under the guarantees due to the failure of the Group's performance. The performance guarantees will be released upon completion of the contract works. At the end of the reporting period, the management of the Group does not consider it is probable that a claim will be made against the Group.

### **Currency Risk**

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

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

## **Interest Rate Risk**

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

## **Other Price Risk**

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

## **Credit Risk**

The Group's credit risk is primarily attributable to trade receivables, contract assets, other receivables, pledged bank deposits and bank balances as at 31 December 2020 and 2019.

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

The Group has concentration of credit risks as 87.0% (2019: 58.4%) and 88.5% (2019: 97.2%) of the total trade receivables was due from the Group's largest customer and the five largest customers 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 354 full-time employees as at 31 December 2020 (2019: 147).

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 MOP105.1 million for the year ended 31 December 2020 (2019: MOP52.4 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 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 as at 31 December 2020.

	<b>Net proceeds (HK\$ million)</b>		
		<b>Actual utilisation up to 31 December 2020</b>	<b>Unutilised amount as at 31 December 2020</b>
	<b>Net proceeds from the Share Offer</b>		
Financing for the issue of performance guarantees for future projects	39.6	39.6	–
Acquisition of additional machinery and equipment	14.4	14.4	–
Further strengthening manpower	10.8	10.8	–
General working capital	7.2	7.2	–
	<u>72.0</u>	<u>72.0</u>	<u>–</u>

## **PROSPECTS AND STRATEGIES**

Once the COVID-19 pandemic is under control, the economies in Macau and Hong Kong areas are expected to be recovered. The demand on construction will resume to normal or even higher. The Group will take this opportunity to enhance the market shares in order to build value over the medium to long term for its shareholders.

The Group will continue to develop the building and ancillary services in Hong Kong. The Group believes developing Hong Kong market may allow the Group to expand the revenue base and achieve long-term growth. Meanwhile, the Group will keep seeking other business opportunities in other regions such as the Great Bay Area and Asia-Pacific Region. The business opportunities will mainly relate to construction including the property development. However, the Group will expand relatively and conservatively due to the uncertainty of the development of COVID-19.

Moreover, the construction markets in Macau and Hong Kong are expected to be more competitive. The construction costs may increase due to the rising cost of raw materials, labour, and fee to subcontractors. The Group expects there may be negative impact on the Group's profitability.

## **FINAL DIVIDEND**

The Board does not recommend the payment of final dividend for the year ended 31 December 2020 (2019: 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 Thursday, 10 June 2021. In order to establish entitlements to attend and vote at the AGM, the register of members of the Company will be closed from Monday, 7 June 2021 to Thursday, 10 June 2021, both days inclusive, during which period no transfer of shares will be registered. All transfers of shares accompanied by the relevant share certificates and properly completed transfer forms must be lodged with the branch share registrar of the Company in Hong Kong, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration no later than 4:30 p.m. on Friday, 4 June 2021.

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

During the year 31 December 2020, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's securities.

## **EVENTS AFTER THE REPORTING PERIOD**

The Board is not aware of any significant events requiring disclosure that has taken place subsequent to 31 December 2020 and up to the date of this announcement.

## **CORPORATE GOVERNANCE CODE**

During the year ended 31 December 2020 and up to the date of this announcement, the Company has complied with all applicable code provisions set out in the Corporate Governance Code (the “CG Code”) contained in Appendix 14 of the Rules (the “Listing Rules”) Governing the Listing of Securities of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) except the deviation from provision 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**

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 2020 and up to the date of this announcement.

## **AUDIT COMMITTEE**

The Company established the audit committee (the “Audit Committee”) on 24 November 2017 in compliance with the CG Code. As at the date of this announcement, the Audit Committee consists of three independent non-executive Directors, namely, Mr. Cheung Kin Wing, Mr. Cheung Wai Lun Jacky and Mr. Zhao Zhipeng. Mr. Cheung Kin Wing is the chairman of the Audit Committee.

The Audit Committee has reviewed with the management of the Company the accounting principles and policies adopted by the Group, and the financial information of the Group and the annual results of the Company for the year ended 31 December 2020.

## **REVIEW OF FINANCIAL STATEMENTS**

The consolidated financial statements of the Group for the year ended 31 December 2020 including the accounting principles and practices adopted by the Group have been reviewed by the Audit Committee and audited by the auditor of the Company, Moore Stephens CPA Limited.

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

This 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 2020 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 2021

*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.*