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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)**

**AUDITED ANNUAL RESULTS ANNOUNCEMENT**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

**ANNUAL RESULTS**

Reference is made to the announcement of Kin Pang Holdings Limited (the “Company”) dated 30 March 2022 in relation to the unaudited annual results of the Company and its subsidiaries (collectively, the “Group”) for the year ended 31 December 2021 (the “2021 Unaudited Annual Results Announcement”, or the “Announcement”). Unless otherwise defined, capitalised terms used herein shall have the same meanings as ascribed to them in the Announcement.

The board of directors of the Company (the “Board”) would like to announce that the Company’s auditor, Linksfield CPA Limited, has completed the audit of the consolidated financial statements of the Group for the year ended 31 December 2021 in accordance with Hong Kong Standards on Auditing (the “HKSAs”) issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”). As certain adjustments have been made to the unaudited annual results of the Group as contained in the 2021 Unaudited Annual Results Announcement, the differences between the unaudited annual results and the audited annual results contained in this announcement are set out in the section headed “Material Differences between Unaudited and Audited Annual Results” in this announcement in accordance with Rule 13.49(3)(ii)(b) of the Rules (the “Listing Rules”) Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The 2021 audited annual results have been reviewed by the audit committee of the Company (the “Audit Committee”) and approved by the Board on 5 August 2022. The audited consolidated annual results of the Group for the year ended 31 December 2021 are as follows:

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2021

	NOTES	2021 MOP'000	2020 MOP'000 (Restated)
Revenue	5	958,955	694,359
Direct costs	9	<u>(949,758)</u>	<u>(652,383)</u>
Gross profit		9,197	41,976
Other income, gain and loss	6	1,023	2,187
Administrative expenses	9	(27,419)	(21,524)
Impairment losses under expected credit loss model		<u>(1,464)</u>	<u>(5,140)</u>
Operating (loss)/profit		(18,663)	17,499
Finance costs	7	<u>(2,534)</u>	<u>(1,280)</u>
(Loss)/profit before income tax		(21,197)	16,219
Income tax credit/(expense)	8	<u>417</u>	<u>(3,332)</u>
(Loss)/profit for the year attributable to the owners of the Company		<u><u>(20,780)</u></u>	<u><u>12,887</u></u>
(Loss)/earnings per share attributable to owners of the Company (in MOP cents)			
Basic and diluted	11	<u><u>(2.08)</u></u>	<u><u>1.29</u></u>

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2021

	<b>2021</b> <i>MOP'000</i>	2020 <i>MOP'000</i> (Restated)
<b>(Loss)/profit for the year</b>	<b>(20,780)</b>	12,887
<b>Other comprehensive loss</b>		
<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>(1,204)</u>	<u>(6,905)</u>
Other comprehensive loss for the year, net of tax	<u>(1,204)</u>	<u>(6,905)</u>
<b>Total comprehensive (loss)/income for the year attributable to the owners of the Company</b>	<b><u>(21,984)</u></b>	<b><u>5,982</u></b>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2021

		As at 31 December 2021	As at 31 December 2020	As at 1 January 2020
	<i>NOTES</i>	<i>MOP'000</i>	<i>MOP'000</i> (Restated)	<i>MOP'000</i> (Restated)
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment		72,300	45,255	27,855
Right-of-use assets		5,022	5,442	6,172
Deposits		334	492	8,614
Investments in associates		7	–	–
Equity instrument at fair value through other comprehensive income		3,016	4,220	11,125
		<u>80,679</u>	<u>55,409</u>	<u>53,766</u>
<b>Current assets</b>				
Trade receivables	12	42,874	109,378	84,251
Prepayments, deposits, and other receivables		47,602	12,291	6,025
Contract assets		352,108	229,570	166,755
Amount due from a joint operation		1,289	–	–
Pledged bank deposits		48,558	41,674	25,750
Cash and cash equivalents		10,330	30,108	30,067
		<u>502,761</u>	<u>423,021</u>	<u>312,848</u>
<b>Total assets</b>		<u><u>583,440</u></u>	<u><u>478,430</u></u>	<u><u>366,614</u></u>
<b>EQUITY</b>				
<b>Equity attributable to the owners of the Company</b>				
Share capital		10,300	10,300	10,300
Reserves		202,620	224,604	218,622
<b>Total equity</b>		<u><u>212,920</u></u>	<u><u>234,904</u></u>	<u><u>228,922</u></u>

		<b>As at</b>	<b>As at</b>	<b>As at</b>
		<b>31 December</b>	<b>31 December</b>	<b>1 January</b>
		<b>2021</b>	<b>2020</b>	<b>2020</b>
<i>NOTES</i>		<i>MOP'000</i>	<i>MOP'000</i>	<i>MOP'000</i>
			(Restated)	(Restated)
<b>LIABILITIES</b>				
<b>Non-current liabilities</b>				
Lease liabilities		3,221	4,059	4,586
Bank borrowings	14	—	21,173	13,196
		<u>3,221</u>	<u>25,232</u>	<u>17,782</u>
<b>Current liabilities</b>				
Trade and other payables	13	227,693	201,583	108,005
Contract liabilities		3,054	—	—
Income tax payable		4,346	8,020	7,654
Bank borrowings	14	130,219	7,158	2,643
Lease liabilities		1,987	1,533	1,608
		<u>367,299</u>	<u>218,294</u>	<u>119,910</u>
<b>Total liabilities</b>		<u>370,520</u>	<u>243,526</u>	<u>137,692</u>
<b>Total equity and liabilities</b>		<u>583,440</u>	<u>478,430</u>	<u>366,614</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 in 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 2021:

HKAS 39, HKFRS 4, HKFRS 7, HKFRS 9 and HKFRS 16	Interest Rate Benchmark Reform (Amendments)
Amendments to HKFRS 16	Covid-19-Related Rent concessions (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:

		<b>Effective for annual periods beginning on or after</b>
HKFRS 16	Covid-19 Rent Concession Beyond 30 June 2021	1 April 2021
Annual Improvements Project	Annual Improvements 2018–2020 Cycle (Amendments)	1 January 2022
HKFRS 3, HKAS 16 and HKAS 37	Narrow-Scope Amendments (Amendments)	1 January 2022
Accounting Guideline 5 (Revised)	Revised Accounting Guideline 5 – Merger Accounting for Common Control Combinations	1 January 2022
HKAS 1	Classification of Liabilities as Current or Non-Current (Amendments)	1 January 2023
HKFRS 17	Insurance Contracts	1 January 2023
HKFRS 17	Amendments to HKFRS 17	1 January 2023
HK Int 5 (2020)	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	1 January 2023
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 10 and HKAS 28 (Amendments)	Sale or Contribution of Assets Between an Investor and its Associate or Joint Venture	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 and amendments are not expected to have a material impact on the Group in the future reporting periods and on foreseeable future transactions. The Group intends to adopt the above new standards, amendments 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. RESTATEMENT DUE TO CORRECTION OF PRIOR YEAR'S ERRORS

In preparing the Group's consolidated financial statements for the year ended 31 December 2021, the Group has identified certain errors in the comparative financial information presented. A detailed description of the nature of the prior year errors and the amounts subject to correction for each consolidated financial statement line item affected are presented in the tables below.

##### **Nature of the prior year errors**

##### *Accounting relating to construction contracts*

The Group recognised the construction revenue by reference to the progress of the satisfactory of the performance obligations on individual construction projects.

In prior financial years, the Group measured the progress of the satisfaction of the performance obligations according to the certification issued by the surveyors of the Group's customers (the "External Technicians"). For any construction works performed yet to be certified by External Technicians, the corresponding revenue had not been recognised in the profit or loss. The corresponding construction costs relating to such construction works, including the variation orders, were also not recognised in the profit or loss in the financial year in which they incurred. These construction costs were deferred and included in prepayments and/or contract assets. The abovementioned construction revenue and costs were recognised upon the issuance of External Technicians' certification.

Upon reassessment, the directors concluded that it was not appropriate to (i) not recognise corresponding revenue from construction contracts upon satisfaction of the performance obligations overtime using output method (i.e. the Group's internal technicians' evaluations) to measure the progress that were yet to be certified by the External Technicians. Therefore, the said revenue should have been recognised to profit or loss in the corresponding periods when control of promised goods and services were transferred to the customers; and (ii) defer the construction costs until those construction works were certified by the External Technicians and therefore such construction costs should have been expensed off to profit or loss during the year when control over the goods and services have been transferred to the customers.

Accordingly, both construction revenue and costs incurred in relation to the construction work performed are not recognised in appropriate reporting periods. These have resulted in either overstatement or understatement of revenue, direct costs, prepayments and contract assets in the previous reporting periods, depending on the net effect of the magnitude of these adjustments.

Hence, taking into account these adjustments made in prior years, the net effect of these adjustments in the consolidated statement of profit or loss for the year ended 31 December 2020 and the consolidated statement of financial position as at 31 December 2020 and 1 January 2020 are summarised as follows:

- overstatement of revenue and direct costs of MOP13,819,000 recognised in the consolidated statement of profit or loss for the year ended 31 December 2020;
- overstatement in the prepayments and understatement in contract assets of MOP38,878,000 as at 31 December 2020 and;
- overstatement in the prepayments and understatement in contract assets of MOP9,438,000 as at 1 January 2020.

These misstatements represent prior period errors that have been corrected by way of prior year adjustments.



**Summary of the effect of restatements due to correction of prior year errors**

The following is a summary of the effect of the restatements due to correction of prior year errors on:

- (i) the Group's consolidated statement of profit or loss for the year ended 31 December 2020;
  - (ii) the Group's consolidated statement of comprehensive income for the year ended 31 December 2020;
  - (iii) the Group's consolidated statement of cash flows for the year ended 31 December 2020;
  - (iv) the Group's consolidated statement of financial position as at 31 December 2020; and
  - (v) the Group's consolidated statement of financial position as at 1 January 2020.
- i) *Effect of restatements on the Group's consolidated statement of profit or loss for the year ended 31 December 2020*

	<b>Year ended 31 December 2020</b> <i>MOP'000</i> (Previously reported)	<b>Prior year adjustments</b> <i>MOP'000</i>	<b>Year ended 31 December 2020</b> <i>MOP'000</i> (Restated)
Revenue	708,178	(13,819)	694,359
Direct costs	(666,202)	13,819	(652,383)
<b>Gross profit</b>	41,976	–	41,976
Other income, gain and loss	2,187	–	2,187
Administrative expenses	(21,524)	–	(21,524)
Impairment losses under expected credit loss model	(5,140)	–	(5,140)
<b>Operating profit</b>	17,499	–	17,499
Finance costs	(1,280)	–	(1,280)
<b>Profit before income tax</b>	16,219	–	16,219
Income tax expense	(3,332)	–	(3,332)
<b>Profit for the year attributable to the owners of the Company</b>	<u>12,887</u>	<u>–</u>	<u>12,887</u>
<b>Earnings per share attributable to owners of the Company (in MOP cents)</b>			
Basic and diluted	<u>1.29</u>	<u>–</u>	<u>1.29</u>

- ii) *Effect of restatements on the Group's consolidated statement of comprehensive income for the year ended 31 December 2020*

	<b>Year ended 31 December 2020</b> <i>MOP'000</i> (Previously reported)	<b>Prior year adjustments</b> <i>MOP'000</i>	<b>As at 31 December 2020</b> <i>MOP'000</i> (Restated)
<b>Profit for the year</b>	12,887	–	12,887
<b>Other comprehensive loss</b> <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	(6,905)	–	(6,905)
Other comprehensive loss for the year, net of tax	(6,905)	–	(6,905)
<b>Total comprehensive income for the year attributable to the owners of the Company</b>	<b>5,982</b>	<b>–</b>	<b>5,982</b>

iii) *Effect of restatements on the Group's consolidated statement of cash flows for the year ended 31 December 2020*

	<b>Year ended 31 December 2020</b> <i>MOP'000</i> (Previously reported)	<b>Prior year adjustments</b> <i>MOP'000</i>	<b>Year ended 31 December 2020</b> <i>MOP'000</i> (Restated)
Profit before income tax	16,219	–	16,219
Adjustments for:			
Depreciation of property, plant, and equipment	7,679	–	7,679
Depreciation of right-of-use assets	2,048	–	2,048
Interest income	(695)	–	(695)
Finance costs	1,280	–	1,280
Gain on lease termination	(5)	–	(5)
Provision of Impairment losses on trade receivables	973	–	973
Provision of Impairment losses on contract assets	4,167	–	4,167
Operating profit before working capital changes	31,666	–	31,666
Changes in working capital:			
Trade receivables	(26,100)	–	(26,100)
Prepayments, deposits and other receivables	(36,198)	29,440	(6,758)
Contract assets	(37,542)	(29,440)	(66,982)
Trade and other payables	93,578	–	93,578
Cash generated from operations	25,404	–	25,404

	<b>Year ended 31 December 2020</b> <i>MOP'000</i> (Previously reported)	<b>Prior year adjustments</b> <i>MOP'000</i>	<b>Year ended 31 December 2020</b> <i>MOP'000</i> (Restated)
<b>Cash flows from operating activities</b>			
Cash generated from operations	25,404	–	25,404
Income tax paid	(2,966)	–	(2,966)
	<hr/>		<hr/>
Net cash generated from operating activities	22,438	–	22,438
	<hr style="border-top: 1px dashed black;"/>		<hr style="border-top: 1px dashed black;"/>
<b>Cash flows from investing activities</b>			
Placement of pledged bank deposits	(15,924)	–	(15,924)
Purchases of property, plant and equipment	(16,465)	–	(16,465)
Interest received	695	–	695
	<hr/>		<hr/>
Net cash used in investing activities	(31,694)	–	(31,694)
	<hr style="border-top: 1px dashed black;"/>		<hr style="border-top: 1px dashed black;"/>
<b>Cash flows from financing activities</b>			
Repayment of lease liabilities	(1,915)	–	(1,915)
Repayment of bank borrowings	(5,303)	–	(5,303)
New bank borrowings raised	17,795	–	17,795
Interest paid	(1,280)	–	(1,280)
	<hr/>		<hr/>
Net cash generated from financing activities	9,297	–	9,297
	<hr style="border-top: 1px dashed black;"/>		<hr style="border-top: 1px dashed black;"/>
Net increase in cash and cash equivalents	41	–	41
Cash and cash equivalents at the beginning of the year	30,067	–	30,067
Effect of foreign exchange rate changes	–	–	–
	<hr/>		<hr/>
Cash and cash equivalents at the end of the year	<u>30,108</u>	<u>–</u>	<u>30,108</u>

iv) *Effect of restatements on the Group's consolidated statement of financial position as at 31 December 2020*

	<b>As at 31 December 2020</b> <i>MOP'000</i> (Previously reported)	<b>Prior year adjustments</b> <i>MOP'000</i>	<b>As at 31 December 2020</b> <i>MOP'000</i> (Restated)
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	45,255	–	45,255
Right-of-use assets	5,442	–	5,442
Deposits	492	–	492
Equity instrument at fair value through other comprehensive income	4,220	–	4,220
	<u>55,409</u>	<u>–</u>	<u>55,409</u>
<b>Current assets</b>			
Trade receivables	109,378	–	109,378
Prepayments, deposits, and other receivables	51,169	(38,878)	12,291
Contract assets	190,692	38,878	229,570
Pledged bank deposits	41,674	–	41,674
Cash and cash equivalents	30,108	–	30,108
	<u>423,021</u>	<u>–</u>	<u>423,021</u>
<b>Total assets</b>	<b><u>478,430</u></b>	<b><u>–</u></b>	<b><u>478,430</u></b>
<b>EQUITY</b>			
<b>Equity attributable to the owners of the Company</b>			
Share capital	10,300	–	10,300
Reserves	224,604	–	224,604
<b>Total equity</b>	<b><u>234,904</u></b>	<b><u>–</u></b>	<b><u>234,904</u></b>

	<b>As at 31 December 2020</b> <i>MOP'000</i> (Previously reported)	<b>Prior year adjustments</b> <i>MOP'000</i>	<b>As at 31 December 2020</b> <i>MOP'000</i> (Restated)
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Lease liabilities	4,059	–	4,059
Bank borrowings	21,173	–	21,173
	<u>25,232</u>	<u>–</u>	<u>25,232</u>
<b>Current liabilities</b>			
Trade and other payables	201,583	–	201,583
Income tax payable	8,020	–	8,020
Bank borrowings	7,158	–	7,158
Lease liabilities	1,533	–	1,533
	<u>218,294</u>	<u>–</u>	<u>218,294</u>
<b>Total liabilities</b>	<u>243,526</u>	<u>–</u>	<u>243,526</u>
<b>Total equity and liabilities</b>	<u>478,430</u>	<u>–</u>	<u>478,430</u>

v) *Effect of restatements on the Group's consolidated statement of financial position as at 1 January 2020*

	<b>As at 1 January 2020</b> <i>MOP'000</i> (Previously reported)	<b>Prior year adjustments</b> <i>MOP'000</i>	<b>As at 1 January 2020</b> <i>MOP'000</i> (Restated)
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	27,855	–	27,855
Right-of-use assets	6,172	–	6,172
Deposits	8,614	–	8,614
Equity instrument at fair value through other comprehensive income	11,125	–	11,125
	53,766	–	53,766
<b>Current assets</b>			
Trade receivables	84,251	–	84,251
Prepayments, deposits, and other receivables	15,463	(9,438)	6,025
Contract assets	157,317	9,438	166,755
Pledged bank deposits	25,750	–	25,750
Cash and cash equivalents	30,067	–	30,067
	312,848	–	312,848
<b>Total assets</b>	<b>366,614</b>	<b>–</b>	<b>366,614</b>
<b>EQUITY</b>			
<b>Equity attributable to the owners of the Company</b>			
Share capital	10,300	–	10,300
Reserves	218,622	–	218,622
<b>Total equity</b>	<b>228,922</b>	<b>–</b>	<b>228,922</b>

	<b>As at 1 January 2020</b> <i>MOP'000</i> (Previously reported)	<b>Prior year adjustments</b> <i>MOP'000</i>	<b>As at 1 January 2020</b> <i>MOP'000</i> (Restated)
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Lease liabilities	4,586	–	4,586
Bank borrowings	13,196	–	13,196
	<u>17,782</u>	<u>–</u>	<u>17,782</u>
<b>Current liabilities</b>			
Trade and other payables	108,005	–	108,005
Income tax payable	7,654	–	7,654
Bank borrowings	2,643	–	2,643
Lease liabilities	1,608	–	1,608
	<u>119,910</u>	<u>–</u>	<u>119,910</u>
<b>Total liabilities</b>	<u>137,692</u>	<u>–</u>	<u>137,692</u>
<b>Total equity and liabilities</b>	<u>366,614</u>	<u>–</u>	<u>366,614</u>

## 5. 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.

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker (the "CODM"). The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors, who makes strategic decisions.

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:

- a. Building and ancillary services
- b. Emergency repair services



## Segment revenue and results

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

### *Year ended 31 December 2021*

	<b>Building and ancillary services <i>MOP'000</i></b>	<b>Emergency repair services <i>MOP'000</i></b>	<b>Consolidated <i>MOP'000</i></b>
Segment revenue	<u><u>949,908</u></u>	<u><u>9,047</u></u>	<u><u>958,955</u></u>
Segment profit	<u><u>2,970</u></u>	<u><u>4,763</u></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><u>(21,197)</u></u>

### *Year ended 31 December 2020*

	<b>Building and ancillary services <i>MOP'000</i> (Restated)</b>	<b>Emergency repair services <i>MOP'000</i> (Restated)</b>	<b>Consolidated <i>MOP'000</i> (Restated)</b>
Segment revenue	<u><u>680,479</u></u>	<u><u>13,880</u></u>	<u><u>694,359</u></u>
Segment profit	<u><u>29,256</u></u>	<u><u>7,580</u></u>	36,836
Other income, gain and loss			2,187
Administrative expenses			(21,524)
Finance costs			<u>(1,280)</u>
Profit before income tax			<u><u>16,219</u></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.

## 6. OTHER INCOME, GAIN AND LOSS

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

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

## 7. FINANCE COSTS

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

## 8. INCOME TAX (CREDIT)/EXPENSE

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

Macau Complementary Tax is calculated at 12% of the estimated assessable profits above MOP600,000 for the year ended 31 December 2021 (2020: 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 (2020: 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 2021 (2020: same).

## 9. EXPENSES BY NATURE

	2021 <i>MOP'000</i>	2020 <i>MOP'000</i> (Restated)
Material and subcontractor costs	812,359	526,975
Auditor's remuneration	1,123	926
Depreciation of property, plant and equipment	10,646	7,679
Depreciation of right-of-use assets	2,100	2,048
Employee benefit costs (including directors' emoluments)	103,624	105,087
Legal and professional fees	1,213	1,364
Expense relating to short-term leases	8,398	3,636
Transportation and delivery costs	26,385	22,370
Others	11,329	3,822
	<u>977,177</u>	<u>673,907</u>
Total direct costs and administrative expenses	<u>977,177</u>	<u>673,907</u>

## 10. DIVIDENDS

No dividend has been declared or paid by the Company for the year ended 31 December 2021 (2020: Nil).

## 11. (LOSS)/EARNINGS PER SHARE

### (a) Basic (loss)/earnings per share

Basic (loss)/earnings per share is calculated by dividing the (loss)/profit 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.

	2021	2020
(Loss)/profit attributable to the owners of the Company ( <i>MOP'000</i> )	(20,780)	12,887
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)/earnings per share ( <i>MOP cents</i> )	<u>(2.08)</u>	<u>1.29</u>

### (b) Diluted (loss)/earnings per share

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

## 12. TRADE RECEIVABLES

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

	2021 <i>MOP'000</i>	2020 <i>MOP'000</i>
Within 30 days	11,735	100,287
31 to 60 days	1,133	1,576
61 to 90 days	4,150	6,915
Over 90 days	<u>26,264</u>	<u>2,007</u>
	<u><b>43,282</b></u>	<u><b>110,785</b></u>

The Group was granted a banking facility which includes factoring services with the amount not exceeding HK\$36,000,000. 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 2021, the Company has transferred trade receivables amounting to MOP10,300,000 (HK\$10,000,000) (2020: Nil) 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 14). 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:

	2021 <i>MOP'000</i>	2020 <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>(10,300)</u>	<u>–</u>

## 13. TRADE AND OTHER PAYABLES

	2021 <i>MOP'000</i>	2020 <i>MOP'000</i>
Trade payables	153,548	135,742
Salaries payable	12,684	11,577
Retention payables	45,732	38,369
Accruals and other payables	<u>15,729</u>	<u>15,895</u>
	<u><b>227,693</b></u>	<u><b>201,583</b></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:

	<b>2021</b>	2020
	<b><i>MOP'000</i></b>	<i>MOP'000</i>
0 to 30 days	<b>111,034</b>	131,832
31 to 90 days	<b>36,438</b>	1,972
Over 90 days	<b>6,076</b>	1,938
	<b><u>153,548</u></b>	<u>135,742</u>

#### 14. BANK BORROWINGS

	<b>2021</b>	2020
	<b><i>MOP'000</i></b>	<i>MOP'000</i>
Secured:		
– Bank borrowings	<b>71,130</b>	21,785
– Bank borrowings which contain a repayment on demand clause	<b>35,851</b>	–
Unsecured:		
– Bank borrowings	<b>4,483</b>	6,546
– Bank borrowings which contain a repayment on demand clause	<b>18,755</b>	–
	<b><u>130,219</u></b>	<u>28,331</u>
Less: Non-current portion	<u>–</u>	<u>(21,173)</u>
Current portion	<b><u>130,219</u></b>	<u>7,158</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 3.21% per annum for the year ended 31 December 2021 (2020: 3.83% per annum).

At 31 December, the Group's bank borrowings were repayable based on scheduled repayment dates set out in the loan agreements as follows:

	<b>2021</b>	2020
	<b><i>MOP'000</i></b>	<i>MOP'000</i>
On demand or within one year	<b>124,372</b>	7,158
Within a period of more than one year but not more than two years	<b>2,195</b>	7,455
Within a period of more than two years but not more than five years	<b>3,652</b>	10,654
Within a period of more than five years	<u>–</u>	<u>3,064</u>
	<b><u>130,219</u></b>	<u>28,331</u>

As at 31 December 2021, there was a technical breach of a loan covenant in the banking facility letter that primarily related to the liabilities/total assets ratio more than 50% in the Group. The secured bank borrowings of MOP71,130,000 are guaranteed by the Company and secured by pledged bank deposit and property, plant and equipment amounted to MOP41,811,000 and MOP10,229,000, respectively and the unsecured bank borrowings of MOP4,483,000 and the entire bank borrowings have been classified as current liabilities at the end of the reporting period. During the year ended 31 December 2020, all these covenants have been complied with by the Group.

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

The carrying amounts of bank borrowings approximate their fair values and are denominated in MOP.

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:

	<b>2021</b> <i>MOP'000</i>	2020 <i>MOP'000</i>
Property, plant and equipment	<b>10,229</b>	10,596
Pledged bank deposits	<b>48,558</b>	41,674
Trade receivables	<b>10,300</b>	–
	<b>69,087</b>	52,270

## MATERIAL DIFFERENCES BETWEEN UNAUDITED AND AUDITED ANNUAL RESULTS

Reference is made to the 2021 Unaudited Annual Results Announcement. The Company would like to supplement the following information in relation to the 2021 Unaudited Annual Results Announcement:

### CONSOLIDATED STATEMENT OF PROFIT OR LOSS

*For the year ended 31 December 2021*

		<b>Disclosed in the audited financial statements for the year ended 31 December 2021</b>	<b>Disclosed in the 2021 Unaudited Annual Results Announcement</b>	<b>Difference</b>
	<i>NOTES</i>	<i>MOP'000</i>	<i>MOP'000</i>	<i>MOP'000</i>
Revenue	(a)	958,955	1,040,660	(81,705)
Direct costs	(a)	(949,758)	(1,028,463)	78,705
Gross profit		9,197	12,197	(3,000)
Other income, gain and loss		1,023	1,023	–
Administrative expenses	(b)	(27,419)	(27,418)	(1)
Impairment losses under expected credit loss model	(b)	(1,464)	(1,465)	1
Operating loss		(18,663)	(15,663)	(3,000)
Finance costs		(2,534)	(2,534)	–
Loss before income tax		(21,197)	(18,197)	(3,000)
Income tax credit		417	417	–
Loss for the year attributable to the owners of the Company		(20,780)	(17,780)	(3,000)
Loss per share attributable to owners of the Company <i>(in MOP cents)</i>				
Basic and diluted	(a)	(2.08)	(1.78)	(0.30)

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

*For the year ended 31 December 2021*

	<i>NOTES</i>	Disclosed in the audited financial statements for the year ended 31 December 2021 <i>MOP'000</i>	Disclosed in the 2021 Unaudited Annual Results Announcement <i>MOP'000</i>	Difference <i>MOP'000</i>
<b>Loss for the year</b>		(20,780)	(17,780)	(3,000)
<b>Other comprehensive loss</b>				
<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	(c)	(1,204)	(1,850)	646
Other comprehensive loss for the year, net of tax		(1,204)	(1,850)	646
<b>Total comprehensive loss for the year attributable to the owners of the Company</b>		(21,984)	(19,630)	(2,354)



## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2021

		Disclosed in the audited financial statements as at 31 December 2021 MOP'000	Disclosed in the 2021 Unaudited Annual Results Announcement MOP'000	Difference MOP'000
	NOTES			
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment		72,300	72,300	–
Right-of-use assets		5,022	5,022	–
Deposits		334	334	–
Investments in associates		7	7	–
Equity instrument at fair value through other comprehensive income	(c)	3,016	2,370	646
		80,679	80,033	646
<b>Current assets</b>				
Trade receivables		42,874	42,874	–
Prepayments, deposits, and other receivables		47,602	47,602	–
Contract assets	(a), (d)	352,108	352,054	54
Amount due from a joint operation		1,289	1,289	–
Pledged bank deposits		48,558	48,558	–
Cash and cash equivalents		10,330	10,330	–
		502,761	502,707	54
<b>Total assets</b>		<b>583,440</b>	<b>582,740</b>	<b>700</b>
<b>EQUITY</b>				
<b>Equity attributable to the owners of the Company</b>				
Share capital		10,300	10,300	–
Reserves		202,620	204,974	(2,354)
<b>Total equity</b>		<b>212,920</b>	<b>215,274</b>	<b>(2,354)</b>

	<b>Disclosed in the audited financial statements as at 31 December 2021</b>	<b>Disclosed in the 2021 Unaudited Annual Results Announcement</b>	<b>Difference</b>
<i>NOTES</i>	<i>MOP'000</i> (Restated)	<i>MOP'000</i>	<i>MOP'000</i> (Restated)
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Lease liabilities	3,221	3,221	–
Bank borrowings	–	–	–
	<u>3,221</u>	<u>3,221</u>	<u>–</u>
<b>Current liabilities</b>			
Trade and other payables	227,693	227,693	–
Contract liabilities (d)	3,054	–	3,054
Income tax payable	4,346	4,346	–
Bank borrowings	130,219	130,219	–
Lease liabilities	1,987	1,987	–
	<u>367,299</u>	<u>364,245</u>	<u>3,054</u>
<b>Total liabilities</b>	<u>370,520</u>	<u>367,466</u>	<u>3,054</u>
<b>Total equity and liabilities</b>	<u><u>583,440</u></u>	<u><u>582,740</u></u>	<u><u>700</u></u>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 5. REVENUE AND SEGMENT INFORMATION

Disclosed in the audited financial statements for the year ended 31 December 2021

	<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	<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>

Disclosed in the 2021 Unaudited Annual Results Announcement

	<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	<u>1,031,614</u>	<u>9,046</u>	<u>1,040,660</u>
Segment profit	<u>5,970</u>	<u>4,762</u>	10,732
Other income, gain and loss			1,023
Administrative expenses			(27,418)
Finance costs			<u>(2,534)</u>
Loss before income tax			<u>(18,197)</u>

**Difference**

	<b>Building and ancillary services MOP'000</b>	<b>Emergency repair services MOP'000</b>	<b>Consolidated MOP'000</b>
Segment revenue	<u>(81,706)</u>	<u>1</u>	<u>(81,705)</u>
Segment profit	<u>(3,000)</u>	<u>1</u>	<u>(2,999)</u>
Other income, gain and loss			–
Administrative expenses			(1)
Finance costs			<u>–</u>
Loss before income tax			<u>(3,000)</u>

**11. (LOSS)/EARNINGS PER SHARE****Basic (loss)/earnings per share**

	<b>Disclosed in the audited financial statement for the year ended 31 December 2021</b>	<b>Disclosed in the 2021 Unaudited Annual Results Announcement</b>	<b>Difference</b>
(Loss)/profit attributable to the owners of the Company (MOP'000)	(20,780)	(17,780)	(3,000)
Weighted average number of ordinary shares for the purpose of basic earnings per share (in thousands)	<u>1,000,000</u>	<u>1,000,000</u>	<u>–</u>
Basic (loss)/earnings per share (MOP cents)	<u>(2.08)</u>	<u>(1.78)</u>	<u>(0.30)</u>

*Notes:*

- (a) Being derecognition of “Revenue” amounting MOP81,705,000 and “Direct costs” amounting MOP78,705,000 in relation to the reassessment of construction works including variation order stated in Note 4.
- (b) Being reclassification of MOP1,000 from “Impairment losses under expected credit loss model” to “administrative expenses” in relation to proper rounding.
- (c) Being recognition of “Equity Instrument at fair value through other comprehensive income” amounting MOP646,000 in relation to the reassessment of fair value of equity instrument.
- (d) Being reclassification of MOP3,054,000 from “Contract assets” to “Contract liabilities” in relation to proper classification.

Save as disclosed above, the annual results of the Group for the year ended 31 December 2021 contained in the 2021 Unaudited Annual Results Announcement remain unchanged.

## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW

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

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

During the year ended 31 December 2021, 40 building and ancillary services projects with an aggregate contract sum of MOP1,065.1 million were awarded. The Group had completed 40 building and ancillary services projects during the year ended 31 December 2021. As at 31 December 2021, the Group's backlog consisted of 20 building and ancillary services projects, which exclude those completed but not certified with an aggregate outstanding contract sum of MOP455.6 million.

### FINANCIAL REVIEW

#### Revenue

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

	Year ended 31 December			
	2021		2020	
	<i>MOP'000</i>	<i>%</i>	<i>MOP'000</i> (Restated)	<i>%</i>
Building and ancillary services	<b>949,908</b>	<b>99.1</b>	680,479	98.0
Emergency repair services	<b>9,047</b>	<b>0.9</b>	13,880	2.0
Total	<b><u>958,955</u></b>	<b><u>100.0</u></b>	<b><u>694,359</u></b>	<b><u>100.0</u></b>

During the year ended 31 December 2021, the Group's total revenue increased by approximately MOP264.6 million or 38.1% as compared to the year ended 31 December 2020. The increase was attributable to an increase in building and ancillary services revenue of approximately MOP269.4 million or 39.6%, a majority of which were derived from major large-scale foundation associated works of building and ancillary services project.

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

The Group's gross profit decreased by approximately MOP32.8 million or 78.1% to approximately MOP9.2 million for the year ended 31 December 2021 from approximately MOP42.0 million for the year ended 31 December 2020. The Group's gross profit margin decreased to approximately 1.0% for the year ended 31 December 2021 from approximately 6.0% for the year ended 31 December 2020.

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

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

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

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

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

### **Administrative Expenses**

The Group's administrative expenses increased by approximately MOP5,895,000 or 27.4% from approximately MOP21,524,000 for the year ended 31 December 2020 to approximately MOP27,419,000 for the year ended 31 December 2021. Such increase was mainly attributable to the increase in staff costs.

## **Finance Costs**

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

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

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

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

The Group's loss for the year was approximately MOP20.8 million for the year ended 31 December 2021 compared to profit for the year of approximately MOP12.9 million for the year ended 31 December 2020.

## **Other Comprehensive Loss for the Year**

The Group's other comprehensive loss was approximately MOP1,204,000 for the year ended 31 December 2021 compared to other comprehensive loss of approximately MOP6,905,000 for the year ended 31 December 2020. This was mainly attributable to fair value loss on investment in an equity instrument at fair value through other comprehensive income.

## **Total Comprehensive (Loss)/Income for the Year**

The Group's total comprehensive loss was approximately MOP22.0 million for the year ended 31 December 2021 compared to total comprehensive income for the year of approximately MOP6.0 million for the year ended 31 December 2020. It was mainly attributable to the combined effect of the aforementioned items.

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

The Company's basic loss per share for the year ended 31 December 2021 was approximately MOP2.08 cents (2020: basic earnings per share of MOP1.29 cents).

## **Final Dividend**

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

## **Property, Plant and Equipment**

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

## **CORPORATE FINANCE AND RISK MANAGEMENT**

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

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

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

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

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

Gearing ratio is calculated based on debts including payables incurred not in the ordinary course of business divided by the total equity as at the respective reporting dates. Gearing ratio increased from 12.1% as at 31 December 2020 to 61.2% as at 31 December 2021. It was mainly due to the increase in bank borrowings of MOP101.9 million during the year ended 31 December 2021.

As at 31 December 2021, the share capital and equity attributable to owners of the Company amounted to approximately MOP10.3 million and approximately MOP212.3 million, respectively (2020: MOP10.3 million and MOP234.9 million, respectively).



## **Capital Commitments**

At as 31 December 2021, the Group had capital commitments of approximately MOP1,112,000 (2020: Nil).

## **Contingent Liabilities**

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

## **Currency Risk**

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

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

## **Interest Rate Risk**

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

## **Other Price Risk**

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

## **Credit Risk**

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

The Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge the obligations by 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 43.4% (2020: 87.1%) and 86.4% (2020: 97.3%) of the total trade receivables was due from the Group's largest debtor and the five largest debtors respectively within the building and ancillary services segment. In order to minimise the risk, the management of the Group has delegated a team responsible for determination of credit limits and credit approvals.

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

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

## **EMPLOYEES**

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

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

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

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

## **PROSPECTS AND STRATEGIES**

Due to the outbreak of Omicron in early 2022 in Hong Kong and recent break-out of Omicron in Macau, the economy will inevitably face more challenges and further slow down. The Group will continue to develop with caution. As the Macau government keeps undertaking the public construction projects, the Group will take this opportunity to enhance the market shares in public sector in order to build value over the medium to long term for the shareholders of the Company.

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

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

## **FINAL DIVIDEND**

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

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

The annual general meeting of the Company (the "AGM") is scheduled to be held on Friday, 9 September 2022. In order to establish entitlements to attend and vote at the AGM, the register of members of the Company will be closed from Tuesday, 6 September 2022 to Friday, 9 September 2022, both days inclusive, during which period no transfer of shares will be registered. All transfers of shares accompanied by the relevant share certificates and properly completed transfer forms must be lodged with the branch share registrar of the Company in Hong Kong, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, for registration no later than 4:30 p.m. on Monday, 5 September 2022.

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

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

## **EVENTS AFTER THE REPORTING PERIOD**

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

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

## **CORPORATE GOVERNANCE CODE**

During the year ended 31 December 2021 and up to the date of this announcement, the Company has complied with all applicable code provisions set out in the Corporate Governance Code (the “CG Code”) contained in Appendix 14 of the 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 2021 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 2021.

## **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, consolidated statement of changes in equity and the related notes thereto for the year ended 31 December 2021 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](http://www.kinpang.com.mo) and the Stock Exchange's website at [www.hkexnews.hk](http://www.hkexnews.hk). The 2021 Annual Report will be despatched to shareholders and will also be published on the websites of both the Stock Exchange and the Company on or before 11 August 2022.

## **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, 5 August 2022

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