

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



Kin Pang Holdings Limited

建鵬控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1722)

**INTERIM RESULTS ANNOUNCEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2021**

INTERIM RESULTS

The board (the “Board”) of directors (the “Directors”) of Kin Pang Holdings Limited (the “Company”) is pleased to announce the unaudited condensed consolidated financial information of the Company and its subsidiaries (collectively, the “Group”) for the six months ended 30 June 2021 together with the comparative figures for the corresponding period in 2020.

The financial information set out below in this announcement represents an extract from the condensed consolidated financial statements for the six months ended 30 June 2021, which are unaudited, but have been reviewed by the Company’s audit committee.

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

For the six months ended 30 June 2021

	NOTES	Six months ended 30 June	
		2021 MOP'000 (unaudited)	2020 MOP'000 (unaudited)
Revenue	2	559,770	235,453
Direct costs		<u>(535,065)</u>	<u>(218,109)</u>
Gross profit		24,705	17,344
Other income, gain and loss	4	870	1,115
Impairment losses under expected credit loss model, net of reversal		(2,693)	(3,182)
Administrative expenses		(12,804)	(10,157)
Finance costs	5	<u>(722)</u>	<u>(551)</u>
Profit before tax	6	9,356	4,569
Income tax expense	7	<u>(2,116)</u>	<u>(1,343)</u>
Profit and total comprehensive income for the period attributable to owners of the Company		<u><u>7,240</u></u>	<u><u>3,226</u></u>
Earnings per share			
Basic (<i>MOP cents</i>)	9	<u><u>0.72</u></u>	<u><u>0.32</u></u>

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2021

		At 30 June 2021	At 31 December 2020
	<i>NOTES</i>	<i>MOP'000</i> (unaudited)	<i>MOP'000</i> (audited)
Non-current assets			
Property, plant and equipment		52,450	45,255
Right-of-use assets		5,911	5,442
Investment in associates		7	–
Deposits		352	492
Equity instrument at fair value through other comprehensive income		4,220	4,220
		<u>62,940</u>	<u>55,409</u>
Current assets			
Trade receivables	10	59,509	109,378
Other receivables, deposits and prepayments		67,074	51,169
Contract assets		276,123	190,692
Pledged bank deposits		43,871	41,674
Bank balances and cash		62,572	30,108
		<u>509,149</u>	<u>423,021</u>
Current liabilities			
Trade and other payables	11	212,654	201,583
Amount due to associates		7	–
Tax payable		10,136	8,020
Bank borrowings	12	75,657	7,158
Lease liabilities		1,981	1,533
		<u>300,435</u>	<u>218,294</u>
Net current assets		<u>208,714</u>	<u>204,727</u>
Total assets less current liabilities		<u>271,654</u>	<u>260,136</u>

		At 30 June	At 31 December
		2021	2020
	<i>NOTE</i>	<i>MOP'000</i>	<i>MOP'000</i>
		(unaudited)	(audited)
Non-current liabilities			
Bank borrowings	12	25,423	21,173
Lease liabilities		4,087	4,059
		<u>29,510</u>	<u>25,232</u>
Net assets		<u>242,144</u>	<u>234,904</u>
Capital and reserves			
Share capital		10,300	10,300
Reserves		231,844	224,604
Total equity		<u>242,144</u>	<u>234,904</u>

NOTES

1. GENERAL INFORMATION, BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

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

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

Basis of Preparation and Principal Accounting Policies

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

The unaudited condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair values, as appropriate.

Other than additional accounting policies resulting from application of amendments to Hong Kong Financial Reporting Standards (“HKFRSs”), the accounting policies and methods of computation used in the unaudited condensed consolidated financial statements for the six months ended 30 June 2021 are the same as those presented in the Group’s annual financial statements for the year ended 31 December 2020.

Application of new and amendments to HKFRSs

In the current interim period, the Group has applied the Amendments to References to the Conceptual Framework in HKFRS Standards and the following amendments to HKFRSs issued by the HKICPA, for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2021 for the preparation of the Group’s unaudited condensed consolidated financial statements:

Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2
--	--

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

2. REVENUE

Disaggregation of revenue from contracts with customers

	Six months ended 30 June	
	2021	2020
	MOP'000	MOP'000
	(unaudited)	(unaudited)
Types of services		
Building and ancillary services	554,942	229,609
Emergency repair services	4,828	5,844
Total	<u>559,770</u>	<u>235,453</u>
Geographical markets		
Macau	538,202	235,453
Hong Kong	21,568	–
Total	<u>559,770</u>	<u>235,453</u>
Timing of revenue recognition		
Over time	<u>559,770</u>	<u>235,453</u>

Performance obligations for contracts with customers

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.

Transaction price allocated to the remaining performance obligation for contracts with customers

The transaction price allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 30 June 2021 and the expected timing of recognising revenue are as follows:

	Building and ancillary services MOP'000 (unaudited)	Emergency repair services MOP'000 (unaudited)
Within one year	330,694	–
More than one year but not more than two years	<u>192,882</u>	–
	<u>523,576</u>	–

The transaction price allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 30 June 2020 and the expected timing of recognising revenue are as follows:

	Building and ancillary services <i>MOP'000</i> (unaudited)	Emergency repair services <i>MOP'000</i> (unaudited)
Within one year	160,086	–
More than one year but not more than two years	<u>513,407</u>	<u>–</u>
	<u><u>673,493</u></u>	<u><u>–</u></u>

3. OPERATING SEGMENT

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

Specifically, the Group’s reportable segments under HKFRS 8 “Operating Segments” are as follows:

1. Building and ancillary services
2. Emergency repair services

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

Segment revenue and results

For the six months ended 30 June 2021

	Building and ancillary services <i>MOP'000</i> (unaudited)	Emergency repair services <i>MOP'000</i> (unaudited)	Total <i>MOP'000</i> (unaudited)
Segment revenue	<u>554,942</u>	<u>4,828</u>	<u>559,770</u>
Segment profit	<u>19,346</u>	<u>2,666</u>	22,012
Other income, gain and loss			870
Administrative expenses			(12,804)
Finance costs			<u>(722)</u>
Profit before tax			<u><u>9,356</u></u>

For the six months ended 30 June 2020

	Building and ancillary services <i>MOP'000</i> (unaudited)	Emergency repair services <i>MOP'000</i> (unaudited)	Total <i>MOP'000</i> (unaudited)
Segment revenue	229,609	5,844	235,453
Segment profit	10,732	3,430	14,162
Other income, gain and loss			1,115
Administrative expenses			(10,157)
Finance costs			(551)
Profit before tax			4,569

The accounting policies of the operating segments are the same as the Group's accounting policies. 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.

The CODM makes decisions according to operating results of each segment. No analysis of segment asset and segment liability is presented as the CODM does not regularly review such information for the purposes of resources allocation and performance assessment. Therefore, only segment revenue and segment results are presented.

Other segment information

For the six months ended 30 June 2021

	Building and ancillary services <i>MOP'000</i> (unaudited)	Emergency repair services <i>MOP'000</i> (unaudited)	Unallocated <i>MOP'000</i> (unaudited)	Total <i>MOP'000</i> (unaudited)
Amounts included in the measurement of segment profit:				
Depreciation of property, plant and equipment	4,324	–	411	4,735
Depreciation of right-of-use assets	852	–	175	1,027
Impairment loss on trade receivables recognised in profit or loss	618	–	–	618
Impairment loss on contract assets recognised in profit or loss	2,075	–	–	2,075

For the six months ended 30 June 2020

	Building and ancillary services <i>MOP'000</i> (unaudited)	Emergency repair services <i>MOP'000</i> (unaudited)	Unallocated <i>MOP'000</i> (unaudited)	Total <i>MOP'000</i> (unaudited)
Amounts included in the measurement of segment profit:				
Depreciation of property, plant and equipment	2,958	–	490	3,448
Depreciation of right-of-use assets	798	–	141	939
Reversal of impairment loss on trade receivables recognised in profit or loss, net	(10)	–	–	(10)
Impairment loss on contract assets recognised in profit or loss	3,192	–	–	3,192

Geographical information

The Group's operations are located in Macau and Hong Kong.

Information about the Group's revenue from external customers is presented based on the location of the operations. Information about the Group's non-current assets is presented based on the geographical location of the assets.

	Revenue from external customers		Non-current assets	
	At 30 June 2021 <i>MOP'000</i> (unaudited)	At 30 June 2020 <i>MOP'000</i> (unaudited)	At 30 June 2021 <i>MOP'000</i> (unaudited)	At 31 December 2020 <i>MOP'000</i> (audited)
Macau	538,202	235,453	25,296	27,703
Hong Kong	21,568	–	33,424	23,486
	559,770	235,453	58,720	51,189

Note: Non-current assets excluded financial instruments.

Information about major customers

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

	Six months ended 30 June	
	2021	2020
	<i>MOP'000</i>	<i>MOP'000</i>
	(unaudited)	(unaudited)
Customer A	487,635	207,131

4. OTHER INCOME, GAIN AND LOSS

	Six months ended 30 June	
	2021	2020
	<i>MOP'000</i>	<i>MOP'000</i>
	(unaudited)	(unaudited)
Interest income	702	635
Government grants	–	311
Sale of leftover piles	12	–
Sundry income	156	169
	870	1,115

5. FINANCE COSTS

	Six months ended 30 June	
	2021	2020
	<i>MOP'000</i>	<i>MOP'000</i>
	(unaudited)	(unaudited)
Interest on bank borrowings	540	412
Interest on bank overdrafts	46	9
Interest on lease liabilities	136	130
	722	551

6. PROFIT BEFORE TAX

Profit before tax has been arrived at after charging:

	Six months ended 30 June	
	2021 MOP'000 (unaudited)	2020 MOP'000 (unaudited)
Depreciation of property, plant and equipment	4,735	3,448
Depreciation of right-of-use assets	<u>1,027</u>	<u>939</u>
Total depreciation	<u>5,762</u>	<u>4,387</u>
Employee benefits expenses	50,482	40,074
Expense relating to short-term leases and other leases with lease terms end within 12 months	<u>1,311</u>	<u>2,615</u>

7. INCOME TAX EXPENSE

	Six months ended 30 June	
	2021 MOP'000 (unaudited)	2020 MOP'000 (unaudited)
Macau Complementary Tax: Current tax	<u>2,116</u>	<u>1,343</u>

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

No provision for Hong Kong Profits Tax has been made in the unaudited condensed consolidated financial statements as the Group has no assessable profits for both periods.

8. DIVIDENDS

The Board resolved not to declare payment of any interim dividend for the six months ended 30 June 2021 (six months ended 30 June 2020: nil).

9. EARNINGS PER SHARE

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

Earnings

	Six months ended 30 June	
	2021 <i>MOP'000</i> (unaudited)	2020 <i>MOP'000</i> (unaudited)
Earnings for the purpose of basic earnings per share attributable to owners of the Company	<u>7,240</u>	<u>3,226</u>

Number of shares

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

No diluted earnings per share is presented as there is no potential ordinary share outstanding for both periods.

10. TRADE RECEIVABLES

	At 30 June 2021 <i>MOP'000</i> (unaudited)	At 31 December 2020 <i>MOP'000</i> (audited)
	Trade receivables – contracts with customers	61,534
Less: Allowance for credit losses	<u>(2,025)</u>	<u>(1,407)</u>
	<u>59,509</u>	<u>109,378</u>

The Group allows credit period of 30 to 60 days to its customers. The following is an aged analysis of trade receivables presented based on the invoice dates.

	At 30 June 2021 MOP'000 (unaudited)	At 31 December 2020 MOP'000 (audited)
0 – 30 days	48,595	101,863
31 – 60 days	88	6,915
61 – 90 days	4,072	–
91 – 365 days	6,780	8
Over 365 days	1,999	1,999
	61,534	110,785

As at 30 June 2021, included in the Group's trade receivables balance are debtors with aggregate carrying amount of MOP17,561,000 (31 December 2020: MOP16,367,000) which are past due as at the reporting date. Out of the past due balances, MOP8,779,000 (31 December 2020: MOP2,007,000) has been past due 90 days or more and is not considered as in default. Subsequent to the end of the reporting period, settlement of MOP33,502,000 (31 December 2020: MOP14,368,000) were noted. The Group does not hold any collateral over these balances.

During the current interim period, the Group has been granted a banking facility which includes factoring services with the amount not exceeding HKD36,000,000. 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 30 June 2021, no amount of the banking facility has been utilised and no account receivables were transferred to the bank by factoring account receivables on recourse basis.

11. TRADE AND OTHER PAYABLES AND ACCRUALS

	At 30 June 2021 MOP'000 (unaudited)	At 31 December 2020 MOP'000 (audited)
Trade payables	130,589	135,742
Salaries payable	11,902	11,577
Retention payables	45,094	38,369
Accruals and other payables (<i>Note</i>)	25,069	15,895
	212,654	201,583

Note: As at 30 June 2021, included in the Group's accruals and other payables are the amount of MOP6,712,000 (31 December 2020: MOP6,712,000) received from the nominated subcontractor due to its failure of submitting the surety bond to the Group's customer, as disclosed in note 15, and the amount of MOP3,809,000 (31 December 2020: MOP6,073,000) withheld from the payment to subcontractors as the performance bonds of the building and ancillary services provided to the Group.

The following is an aged analysis of trade payable presented based on the invoice date.

	At 30 June 2021 MOP'000 (unaudited)	At 31 December 2020 MOP'000 (audited)
0 – 30 days	104,004	131,832
31 – 60 days	25,096	1,894
61 – 90 days	538	78
91 – 180 days	3	988
181 – 365 days	–	–
Over 365 days	948	950
	130,589	135,742

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

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

12. BANK BORROWINGS

	At 30 June 2021 MOP'000 (unaudited)	At 31 December 2020 MOP'000 (audited)
Secured bank borrowings	95,555	21,785
Unsecured bank borrowings	5,525	6,546
	101,080	28,331

The carrying amounts of the above bank borrowings are repayable (based on scheduled repayment dates set out in the loan agreements):

Within one year	75,657	7,158
Within a period of more than one year but not more than two years	10,969	7,455
Within a period of more than two years but not more than five years	11,774	10,654
Within a period of more than five years	2,680	3,064
	101,080	28,331
Less: Amounts due within one year shown under current liabilities	(75,657)	(7,158)
Amounts shown under non-current liabilities	25,423	21,173

The bank borrowings are at floating rates which carry interest at best lending rate plus/minus a spread. The effective interest rate on the Group's bank borrowings was 3.48% (31 December 2020: 3.81%) per annum as at 30 June 2021.

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 in Macau; (iii) the Macau Government; and (iv) other private developers or their contractors.

During the six months ended 30 June 2021, 24 building and ancillary services projects with an aggregate contract sum of MOP507.5 million were awarded. The Group had completed 15 building and ancillary services projects during this period. As at 30 June 2021, the Group's backlog consisted of 29 building and ancillary services projects, which exclude those completed but not certified, with an aggregate outstanding contract sum of MOP523.6 million.

FINANCIAL REVIEW

Revenue

The following table sets forth a breakdown of the Group's revenue by business segments during the six months ended 30 June 2021 and 2020:

	Six months ended 30 June (Unaudited)			
	2021		2020	
	<i>MOP'000</i>	%	<i>MOP'000</i>	%
Building and ancillary services	554,942	99.1	229,609	97.5
Emergency repair services	4,828	0.9	5,844	2.5
Total	<u>559,770</u>	<u>100.0</u>	<u>235,453</u>	<u>100.0</u>

During the six months ended 30 June 2021, the Group's total revenue increased by approximately MOP324.3 million or 137.7% relative to that of the corresponding period in 2020. The increase was attributable to the revenue derived from major large-scale foundation associated works of building and ancillary services projects undertaken during the period for the six months ended 30 June 2021.

Gross Profit and Gross Profit Margin

The Group's gross profit increased by approximately MOP7.4 million or 42.8% to approximately MOP24.7 million for the six months ended 30 June 2021 from approximately MOP17.3 million for the corresponding period in 2020. The Group's gross profit margin decreased to approximately 4.4% for the six months ended 30 June 2021 from approximately 7.4% for the corresponding period in 2020.

The increase in the gross profit was mainly attributable to the increase in revenue of the building and ancillary services projects undertaken. During the period for the six months ended 30 June 2021, the Group was undertaking several major large-scale foundation associated works of building and ancillary services projects, which had relatively low profit margin. Those projects accounted for a substantial portion of the gross profit for the Group and results in the drop in the gross profit margin.

Other Income, Gain and Loss

The Group's other income decreased by approximately MOP245,000 or 22.0% from approximately MOP1,115,000 for the six months ended 30 June 2020 to approximately MOP870,000 for the six months ended 30 June 2021. Such decrease was mainly attributable to no government subsidies granted for the six months ended 30 June 2021.

Impairment Losses under Expected Credit Loss Model, net of Reversal

The Group's impairment losses under expected credit loss model was approximately MOP2,693,000 for the six months ended 30 June 2021 and was approximately MOP3,182,000 for the corresponding period in 2020. Except for certain balances of contract assets and trade receivables being assessed on an individual basis, the Group applied simplified approach to measure expected credit loss ("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 MOP2.6 million or 25.5% from approximately MOP10.2 million for the six months ended 30 June 2020 to approximately MOP12.8 million for the six months ended 30 June 2021. Such increase was mainly attributable to the increase in remuneration expenses.

Finance Costs

The Group's finance costs increased by approximately MOP171,000 or 31.0% from approximately MOP551,000 for the six months ended 30 June 2020 to approximately MOP722,000 for the six months ended 30 June 2021. Such increase was mainly attributable to the increase in interest expenses of bank borrowings.

Income Tax Expense

The Group's income tax expense increased by approximately MOP0.8 million or 61.5% from approximately MOP1.3 million for the six months ended 30 June 2020 to approximately MOP2.1 million for the six months ended 30 June 2021. The Group's effective tax rate decreased from 29.4% for the six months ended 30 June 2020 to 22.6% for the six months ended 30 June 2021.

Profit and Total Comprehensive Income Attributable to Owners of the Company

The Group's profit and total comprehensive income attributable to owners of the Company for the six months ended 30 June 2021 increased by approximately MOP4.0 million or 125.0% from approximately MOP3.2 million for the six months ended 30 June 2020 to approximately MOP7.2 million for the six months ended 30 June 2021, which was mainly attributable to the combined effect of the aforementioned items.

Basic Earnings per Share

The Company's basic earnings per share for the six months ended 30 June 2021 was approximately MOP0.72 cents (six months ended 30 June 2020: MOP0.32 cents), representing an increase of approximately MOP0.40 cents or 125.0% which is in line with the profit for the period attributable to owners of the Company when compared to the six months ended 30 June 2020.

Interim Dividend

The Board does not recommend the payment of interim dividend for the six months ended 30 June 2021 (six months ended 30 June 2020: Nil).

Property, Plant and Equipment

The Group's property, plant and equipment was approximately MOP52.5 million as at 30 June 2021 compared to approximately MOP45.3 million as at 31 December 2020. Such increase was due to the Group acquiring property, plant and equipment of approximately MOP11.9 million during the six months ended 30 June 2021 (during the year ended 31 December 2020: approximately MOP25.1 million). The acquisition is for its business expansion and the capital expenditures were financed by the proceeds from internal resources and bank borrowings of the Group.

CORPORATE FINANCE AND RISK MANAGEMENT

Liquidity and Financial Resources and Capital Structure

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

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

As at 30 June 2021, the Group had bank balances and cash of approximately MOP62.6 million (31 December 2020: MOP30.1 million) and had no bank overdrafts (31 December 2020: Nil).

As at 30 June 2021, the Group had an aggregate of pledged bank deposits of approximately MOP43.9 million (31 December 2020: MOP41.7 million) that are used to secure banking facilities.

As at 30 June 2021, bank borrowings amounted to approximately MOP101.1 million (31 December 2020: MOP28.3 million) of which approximately MOP75.6 million, MOP11.0 million, MOP11.8 million and MOP2.7 million (31 December 2020: MOP7.2 million, MOP7.5 million, MOP10.6 million and MOP3.0 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 1.9 times as at 31 December 2020 to 1.7 times as at 30 June 2021. It was mainly due to the increase in current portion 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 41.7% as at 30 June 2021. It was mainly due to the increase in bank borrowings during the six months ended 30 June 2021.

As at 30 June 2021, the share capital and equity attributable to owners of the Company amounted to approximately MOP10.3 million and approximately MOP242.1 million, respectively (31 December 2020: MOP10.3 million and MOP234.9 million, respectively).

Capital Commitments

As at 30 June 2021, the Group had no capital commitments (31 December 2020: Nil).

Contingent Liabilities

As at 30 June 2021, performance guarantees of approximately MOP120.4 million (31 December 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 its 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 rate 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 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 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 30 June 2021 and 31 December 2020.

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

As at 30 June 2021, the Group has concentration of credit risks as 61.6% (31 December 2020: 87.0%) and 96.4% (31 December 2020: 88.5%) 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 512 full-time employees as at 30 June 2021 (31 December 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 MOP50.5 million for the six months ended 30 June 2021 (six months ended 30 June 2020: MOP40.1 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

Benefiting from the economy recovery in Macau and Hong Kong areas, the Group has captured the opportunities and has been awarded several building and ancillary services projects from Macau and Hong Kong. As a result, the Group was able to achieve HK\$7.2M profit and total comprehensive income attributable to owners of the Company for the six months ended 30 June 2021 or slightly more than 50% of profit and total comprehensive income attributable to owners of the Company for the year ended 31 December 2020.

However, Macau's construction market has become more competitive. The Group not only expects to face greater challenges on being rewarded new projects, but such keen competition may cause a negative impact on the profitability of the existing and new construction projects going forward. The Group keeps taking a conservative view over the Group's business and financial performance in the near future.

At the same time, although the signs of alleviation of COVID-19 were shown across the globe, the Group will continue closely monitoring the COVID-19 development in order to prevent the risks which may affect the Group's performance and the Group's business and market developments.

Going forward, the Group will continue to focus on further strengthening its position as an integrated construction contractor in Macau and further expanding the business in Hong Kong. The Group will keep seeking other business opportunities related to construction including the property development in other regions such as the Greater Bay Area and Asia-Pacific Region.

INTERIM DIVIDEND

The Board does not recommend the payment of interim dividend for the six months ended 30 June 2021.

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

During the six months ended 30 June 2021, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

EVENTS AFTER THE REPORTING PERIOD

The Board is not aware of any significant event requiring disclosure that has taken place subsequent to 30 June 2021 and up to the date of this announcement.

CORPORATE GOVERNANCE CODE

During the six months ended 30 June 2021 and up to the date of this announcement, the Company has complied with all applicable code provisions set out in the Corporate Governance Code (the “CG Code”) contained in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”) except the deviation from provision A.2.1 of the CG Code.

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

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) contained in Appendix 10 to the Listing Rules as its own code of conduct regarding securities transactions of the Company by the Directors. Upon specific enquiries of all Directors, each of them confirmed that they have complied with the required standards set out in the Model Code throughout the six months ended 30 June 2021 and up to the date of this announcement.

AUDIT COMMITTEE

The audit committee of the Company, consisting of three independent non-executive Directors, has reviewed the unaudited condensed consolidated financial statements of the Group and this interim results announcement of the Company for the six months ended 30 June 2021.

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

This interim results announcement is published on the Company's website at www.kinpang.com.mo and the Stock Exchange's website at www.hkexnews.hk. The interim report will be despatched to shareholders and will also be published on the websites of both the Stock Exchange and the Company in due course.

APPRECIATION

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

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

Hong Kong, 30 August 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.