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**Kin Pang Holdings Limited**  
**建鵬控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 1722)**

**INTERIM RESULTS ANNOUNCEMENT**  
**FOR THE SIX MONTHS ENDED 30 JUNE 2024**

**INTERIM RESULTS**

The board (the “**Board**”) of directors (the “**Directors**”) of Kin Pang Holdings Limited (the “**Company**”) is hereby to announce the unaudited condensed consolidated financial information of the Company and its subsidiaries (collectively, the “**Group**”) for the six months ended 30 June 2024 together with the comparative figures for the corresponding period in 2023.

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 2024, 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 2024*

		<b>Six months ended 30 June</b>	
		<b>2024</b>	2023
	<i>Notes</i>	<b>MOP'000</b>	<b>MOP'000</b>
		<b>(Unaudited)</b>	<b>(Unaudited)</b>
Revenue	4	<b>338,279</b>	212,986
Direct costs	6	<b>(333,755)</b>	(204,340)
<b>Gross profit</b>		<b>4,524</b>	8,646
Other income, gain and loss	5	<b>1,340</b>	1,502
Administrative expenses	6	<b>(16,200)</b>	(13,171)
Reversal of/(provision for) impairment losses of financial assets under expected credit loss model		<b>878</b>	(147)
<b>Operating loss</b>		<b>(9,458)</b>	(3,170)
Finance costs	7	<b>(1,807)</b>	(2,970)
<b>Loss before income tax</b>		<b>(11,265)</b>	(6,140)
Income tax credit/(expense)	8	<b>17</b>	(632)
<b>Loss and total comprehensive loss for the period attributable to the owners of the Company</b>		<b>(11,248)</b>	(6,772)
<b>Loss per share attributable to the owners of the Company (in MOP cents)</b>			
Basic and diluted	10	<b>(1.02)</b>	(0.63)

# UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2024

		As at 30 June 2024 <i>MOP'000</i> (Unaudited)	As at 31 December 2023 <i>MOP'000</i> (Audited)
	<i>Notes</i>		
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		87,447	86,844
Right-of-use assets		4,053	5,327
Deposits		6,201	3,039
Investments accounted for using the equity method		—	—
		<u>97,701</u>	<u>95,210</u>
<b>Current assets</b>			
Trade receivables	11	58,081	69,145
Prepayments, deposits, and other receivables		30,188	21,138
Contract assets		161,099	207,164
Amounts due from joint operations		5,436	6,262
Pledged bank deposits		35,650	49,883
Cash and cash equivalents		28,465	18,952
		<u>318,919</u>	<u>372,544</u>
<b>Total assets</b>		<b><u>416,620</u></b>	<b><u>467,754</u></b>
<b>EQUITY</b>			
<b>Equity attributable to the owners of the Company</b>			
Share capital		11,330	11,330
Reserves		155,892	167,140
<b>Total equity</b>		<b><u>167,222</u></b>	<b><u>178,470</u></b>

		As at 30 June 2024 <i>MOP'000</i> (Unaudited)	As at 31 December 2023 <i>MOP'000</i> (Audited)
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Deferred government grants		157	239
Lease liabilities		1,397	2,594
Deferred tax liabilities		–	17
		<u>1,554</u>	<u>2,850</u>
<b>Current liabilities</b>			
Trade and other payables	12	148,532	182,033
Contract liabilities		1,148	–
Amount due to a joint operation		–	22,922
Income tax payable		5,401	5,401
Bank borrowings	13	89,906	73,212
Deferred government grants		165	165
Lease liabilities		2,692	2,701
		<u>247,844</u>	<u>286,434</u>
<b>Total liabilities</b>		<u>247,398</u>	<u>289,284</u>
<b>Total equity and liabilities</b>		<u>416,620</u>	<u>467,754</u>

## NOTES

### 1. GENERAL INFORMATION

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

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

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

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

### 2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

These 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 D2 to the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”).

The unaudited condensed consolidated financial statements have been prepared on the historical cost basis.

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 2024 are the same as those presented in the Group’s annual financial statements for the year ended 31 December 2023.

#### Application of new and amendments to HKFRSs and interpretations

In the current interim period, the Group has applied the following amendments to HKFRSs and interpretations issued by the HKICPA, for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2024 for the preparation of the Group’s unaudited condensed consolidated financial statements:

HKAS 1	Classification of Liabilities as Current or Non-current (Amendments)
HKAS 1	Non-current Liabilities with Covenants (Amendments)
HKFRS 16	Lease Liability in a Sale and Leaseback (Amendments)
Hong Kong Interpretation 5 (Revised)	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause
HKAS 7 and HKFRS 7	Supplier Finance Arrangements (Amendments)

The application of the amendments to HKFRSs and interpretations 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.

### 3. SEGMENT INFORMATION

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

During the six months ended 30 June 2024, the Group had one (six months ended 30 June 2023: one) reportable operating segment, which was provision of building and ancillary services (six months ended 30 June 2023: building and ancillary services).

No operating segment has been aggregated in arriving at the reportable segment of the Group.

#### Segment revenue and results

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

#### For the six months ended 30 June 2024

	<b>Building and ancillary services MOP'000 (Unaudited)</b>	<b>Consolidated MOP'000 (Unaudited)</b>
Segment revenue	<u>338,279</u>	<u>338,279</u>
Segment profit	<u>5,402</u>	5,402
Other income, gain and loss		1,340
Administrative expenses		(16,200)
Finance costs		<u>(1,807)</u>
Loss before income tax		<u>(11,265)</u>

#### For the six months ended 30 June 2023

	<b>Building and ancillary services MOP'000 (Unaudited)</b>	<b>Consolidated MOP'000 (Unaudited)</b>
Segment revenue	<u>212,986</u>	<u>212,986</u>
Segment profit	<u>8,499</u>	8,499
Other income, gain and loss		1,502
Administrative expenses		(13,171)
Finance costs		<u>(2,970)</u>
Loss before income tax		<u>(6,140)</u>

The accounting policies of the operating segment 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 resources 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 2024

	<b>Building and ancillary services MOP'000 (Unaudited)</b>	<b>Unallocated MOP'000 (Unaudited)</b>	<b>Total MOP'000 (Unaudited)</b>
Amounts included in the measure of segment profit:			
Depreciation of property, plant and equipment	(10,356)	(326)	(10,682)
Depreciation of right-of-use assets	(304)	(1,145)	(1,449)
Reversal of impairment losses on trade receivables recognised in profit or loss	195	–	195
Reversal of impairment losses on contract assets recognised in profit or loss	683	–	683
	<u>683</u>	<u>–</u>	<u>683</u>

#### For the six months ended 30 June 2023

	<b>Building and ancillary services MOP'000 (Unaudited)</b>	<b>Unallocated MOP'000 (Unaudited)</b>	<b>Total MOP'000 (Unaudited)</b>
Amounts included in the measure of segment profit:			
Depreciation of property, plant and equipment	(8,346)	(351)	(8,697)
Depreciation of right-of-use assets	(304)	(1,088)	(1,392)
Reversal of impairment losses on trade receivables recognised in profit or loss	318	–	318
Provision for impairment losses on contract assets recognised in profit or loss	(465)	–	(465)
	<u>(465)</u>	<u>–</u>	<u>(465)</u>

## Geographical information

### (a) Revenue from external customers

The Group's revenue from external customers by geographical area, which is determined by the country/region where the services were provided, is as follows:

	Six months ended 30 June	
	2024	2023
	MOP'000	MOP'000
	(Unaudited)	(Unaudited)
Macau	306,075	190,063
Hong Kong	32,204	22,923
	<u>338,279</u>	<u>212,986</u>

### (b) Non-current assets

The Group's non-current assets by geographic area are as follows:

	At 30 June	At 31 December
	2024	2023
	MOP'000	MOP'000
	(Unaudited)	(Audited)
Macau	92,484	90,374
Hong Kong	5,217	4,836
	<u>97,701</u>	<u>95,210</u>

### Key Customers

For the six months ended 30 June 2024, there were three customers (six months ended 30 June 2023: three) which individually contributed over 10% of the Group's total revenue, the revenue contributed from these customers is as follows:

	Six months ended 30 June	
	2024	2023
	MOP'000	MOP'000
	(Unaudited)	(Unaudited)
Customer A	N/A*	59,000
Customer B	62,440	49,394
Customer C	N/A*	25,804
Customer D	89,614	N/A*
Customer E	50,924	N/A*
	<u>50,924</u>	<u>N/A*</u>

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



#### 4. REVENUE FROM CONTRACTS WITH CUSTOMERS

##### Disaggregation of revenue from contracts with external customers

	Six months ended 30 June	
	2024	2023
	MOP'000	MOP'000
	(Unaudited)	(Unaudited)
Recognised over time		
– Building and ancillary services	<b>338,279</b>	212,986

##### *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) in respect of building and ancillary services as at 30 June 2024 and the expected timing of recognising revenue are as follows:

	Six months ended 30 June	
	2024	2023
	MOP'000	MOP'000
	(Unaudited)	(Unaudited)
Within one year	<b>233,872</b>	281,790
More than one year but not more than two years	<b>275,123</b>	354,773
	<b>508,995</b>	636,563

#### 5. OTHER INCOME, GAIN AND LOSS

	Six months ended 30 June	
	2024	2023
	MOP'000	MOP'000
	(Unaudited)	(Unaudited)
Interest income	<b>236</b>	398
Interest income on loan to a joint operation ( <i>Note</i> )	<b>77</b>	–
Loss on disposal of property, plant and equipment	<b>(79)</b>	–
Gain on disposal of a subsidiary	<b>13</b>	–
Amortisation of deferred government grants	<b>82</b>	82
Sundry income	<b>1,011</b>	1,022
	<b>1,340</b>	1,502

*Note:* During the six months ended 30 June 2024, the Group's joint operation, Consórcio Companhia de J&T – Kin Pang – MC Dynasty had bank borrowings carrying interest rate of MOP best lending rate minus 1.75% per annum. The proceed from the bank borrowings was loaned to the joint operation, Consórcio Companhia de Kin Pang – MC Dynasty carrying the same interest rate per annum, and earned interest income accordingly. As at 30 June 2024, the bank borrowings and the proceed from the bank borrowings loaned to the joint operation have been fully repaid.

## 6. EXPENSES BY NATURE

	Six months ended 30 June	
	2024	2023
	MOP'000	MOP'000
	(Unaudited)	(Unaudited)
Material and subcontractor costs	220,866	128,058
Depreciation of property, plant and equipment	10,682	8,697
Depreciation of right-of-use assets	1,449	1,392
Employee benefit costs (including directors' emolument)	79,724	50,106
Legal and professional fees	2,349	1,286
Expense relating to short-term leases	9,037	6,539
Transportation and delivery costs	2,068	2,161
Others	23,780	19,272
	<u>349,955</u>	<u>217,511</u>
Total direct costs and administrative expenses	<u>349,955</u>	<u>217,511</u>

## 7. FINANCE COSTS

	Six months ended 30 June	
	2024	2023
	MOP'000	MOP'000
	(Unaudited)	(Unaudited)
Interest expense on bank borrowings	1,638	2,699
Interest expense on bank overdrafts	25	118
Interest expense on lease liabilities	144	153
	<u>1,807</u>	<u>2,970</u>

## 8. INCOME TAX CREDIT/(EXPENSE)

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

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 for both periods.

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

An analysis of the income tax credit/(expense) is as follows:

	Six months ended 30 June	
	2024	2023
	MOP'000	MOP'000
	(Unaudited)	(Unaudited)
Current tax		
Macau Complementary Tax	–	(632)
Deferred tax	17	–
	<u>17</u>	<u>(632)</u>

## 9. DIVIDENDS

The Board resolved not to declare payment of any interim dividend for the six months ended 30 June 2024 (six months ended 30 June 2023: nil).

## 10. LOSS PER SHARE

### (a) Basic loss per share

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

	Six months ended 30 June	
	2024	2023
	(Unaudited)	(Unaudited)
Loss attributable to the owners of the Company ( <i>MOP'000</i> )	<u>(11,248)</u>	<u>(6,772)</u>
Weighted average number of ordinary shares for the purpose of basic earnings per share ( <i>in thousands</i> )	<u>1,100,000</u>	<u>1,082,778</u>
Basic loss per share ( <i>MOP cents</i> )	<u>(1.02)</u>	<u>(0.63)</u>

### (b) Diluted loss per share

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

## 11. TRADE RECEIVABLES

	At 30 June	At 31 December
	2024	2023
	<i>MOP'000</i>	<i>MOP'000</i>
	(Unaudited)	(Audited)
Trade receivables – contracts with customers	58,647	69,906
Less: Allowance for credit losses	<u>(566)</u>	<u>(761)</u>
	<u>58,081</u>	<u>69,145</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:

	<b>At 30 June 2024 MOP'000 (Unaudited)</b>	At 31 December 2023 MOP'000 (Audited)
Within 30 days	<b>51,693</b>	44,441
31 to 60 days	<b>1,211</b>	13,671
61 to 90 days	<b>1,147</b>	9,499
Over 90 days	<b>4,596</b>	2,295
	<b>58,647</b>	69,906

The other classes within trade and other receivables do not contain impaired assets. The Group does not hold any collateral over these balances.

The movement in provision for loss allowance on trade receivables is as follows:

	<b>At 30 June 2024 MOP'000 (Unaudited)</b>	At 31 December 2023 MOP'000 (Audited)
At beginning of the period	<b>761</b>	743
(Reversal of)/provision for impairment	<b>(195)</b>	18
At end of the period	<b>566</b>	761

The Group applies the HKFRS 9 simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

The carrying amounts of the Group's trade receivables are denominated in the following currencies:

	<b>At 30 June 2024 MOP'000 (Unaudited)</b>	At 31 December 2023 MOP'000 (Audited)
MOP	<b>49,882</b>	68,038
HK\$	<b>8,199</b>	1,107
	<b>58,081</b>	69,145

## 12. TRADE AND OTHER PAYABLES

	At 30 June 2024 MOP'000 (Unaudited)	At 31 December 2023 MOP'000 (Audited)
Trade payables	93,364	116,450
Retention payables	33,399	30,320
Salaries payable	9,157	18,801
Accruals and other payables ( <i>Note</i> )	12,612	16,462
	<u>148,532</u>	<u>182,033</u>

*Note:* As at 30 June 2024, included in the Group's accruals and other payables are the amount of approximately MOP3,768,000 (31 December 2023: MOP5,523,000) received from the nominated subcontractor as the surety bond, and the amount of approximately MOP888,000 (31 December 2023: MOP997,000) withheld from the payment to subcontractors as the performance bonds of the building and ancillary services provided to the Group.

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 is as follows:

	At 30 June 2024 MOP'000 (Unaudited)	At 31 December 2023 MOP'000 (Audited)
0 to 30 days	61,104	89,447
31 to 60 days	11,729	9,341
61 to 90 days	5,928	3,607
Over 90 days	14,603	14,055
	<u>93,364</u>	<u>116,450</u>

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

The Group classifies these retention payables as current because the Group expects to settle them in its normal operating cycle.

The retention payables by due dates are as follows:

	At 30 June 2024 MOP'000 (Unaudited)	At 31 December 2023 MOP'000 (Audited)
Retention payables of construction contract		
Repayable within one year	5,361	3,077
Repayable more than one year	28,038	27,243
	<u>33,399</u>	<u>30,320</u>

The carrying amounts of trade and other payables approximate their fair values and are denominated in the following currencies:

	<b>At 30 June 2024 MOP'000 (Unaudited)</b>	At 31 December 2023 MOP'000 (Audited)
MOP	133,631	171,398
HK\$	14,901	10,617
RMB	–	18
	<u>148,532</u>	<u>182,033</u>

### 13. BANK BORROWINGS

	<b>At 30 June 2024 MOP'000 (Unaudited)</b>	At 31 December 2023 MOP'000 (Audited)
Secured:		
– Bank overdrafts	–	2,603
– Bank borrowings	70,706	65,627
Unsecured:		
– Bank borrowings	19,200	5,082
	<u>89,906</u>	<u>73,212</u>

The bank borrowings are at floating rates which carry interests at MOP best lending rate, Macau Interbank Offered Rate (“MIBOR”) and Hong Kong Interbank Offered Rate (“HIBOR”) plus/minus a spread. The effective interest rate on the Group’s bank borrowings was 4.25% per annum for the six months ended 30 June 2024 (31 December 2023: 4.38% per annum).

As at 30 June 2024 and 31 December 2023, there were breaches of financial covenants in the bank borrowings with a total amount of approximately MOP4,210,000 (31 December 2023: MOP13,637,000), including secured bank overdrafts of nil (31 December 2023: MOP2,603,000), secured bank borrowings of approximately MOP4,210,000 (31 December 2023: MOP10,952,000) and unsecured bank borrowings of nil (31 December 2023: MOP82,000). These matters triggered cross-defaults and resulted in certain other bank borrowings of the Group of approximately MOP42,105,000 (31 December 2023: MOP30,418,000) as at 30 June 2024. All the above-mentioned secured bank overdrafts and bank borrowings are guaranteed by the Company and secured by pledged bank deposits and property, plant and equipment amounted to approximately MOP20,642,000 (31 December 2023: MOP40,109,000) and MOP9,310,000 (31 December 2023: MOP9,495,000) respectively.

The Group has obtained waivers for the breached financial covenants in the bank borrowings as at the date of this announcement.

As at 30 June 2024, the remaining bank borrowings of approximately MOP43,591,000 (31 December 2023: MOP29,157,000) contain a repayment on demand clause. Out of such amounts, the bank borrowings of nil (31 December 2023: MOP5,000,000) that have original contractual repayment due one to two years, were classified as current liabilities (31 December 2023: same). As at the date of this announcement, the banks have not made any demand for immediate repayment of these bank borrowings.

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>At 30 June 2024 MOP'000 (Unaudited)</b>	At 31 December 2023 MOP'000 (Audited)
Property, plant and equipment	<b>9,310</b>	9,495
Pledged bank deposits	<b>35,650</b>	49,883
	<b>44,960</b>	59,378

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **BUSINESS REVIEW**

The Group is an integrated construction contractor which provides building and ancillary services. The services are required in various building and construction projects in relation to hotel and casino resorts, property developers, infrastructures of 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) water utility company in Macau; (iii) the Macau Government or its main contractors; and (iv) other private developers or their contractors.

During the six months ended 30 June 2024, 12 building and ancillary services projects with an aggregate contract sum of MOP70.0 million were awarded. The Group had completed 21 building and ancillary services projects during this period. As at 30 June 2024, the Group's backlog consisted of 22 building and ancillary services projects, which exclude those completed but not certified, with an aggregate outstanding contract sum of MOP509.0 million.

### **FINANCIAL REVIEW**

#### **Revenue**

During the six months ended 30 June 2024, the Group's total revenue increased by approximately MOP125.3 million or 58.8% from approximately MOP213.0 million for the six months ended 30 June 2023 to approximately MOP338.3 million for the six months ended 30 June 2024. The increase was attributable to larger scale of the building and ancillary services projects being undertaken during the period.

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

The Group's gross profit decreased by approximately MOP4.1 million to approximately MOP4.5 million for the six months ended 30 June 2024 from approximately MOP8.6 million for the corresponding period in 2023. The Group's gross profit margin decreased to approximately 1.3% for the six months ended 30 June 2024 from approximately 4.1% for the corresponding period in 2023.

The decrease in the gross profit was mainly attributable to building and ancillary services projects with lower gross profit margin undertaken, which was the result of the Group needing to compete aggressively on pricing in order to secure the projects.



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

The Group's other income decreased by approximately MOP162,000 or 10.8% from approximately MOP1,502,000 for the six months ended 30 June 2023 to approximately MOP1,340,000 for the six months ended 30 June 2024. Such decrease was mainly attributable to the decrease in interest income.

### **Reversal of/(Provision for) Impairment Losses of Financial Assets under Expected Credit Loss Model**

The Group's reversal of impairment losses under expected credit loss model were approximately MOP878,000 for the six months ended 30 June 2024 and the impairment losses under expected credit loss model were approximately MOP147,000 for the corresponding period in 2023. 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, except for certain balances of contract assets and trade receivables being assessed on an individual basis, trade receivables and contract assets have been grouped based on shared credit risk characteristics.

### **Administrative Expenses**

The Group's administrative expenses increased by approximately MOP3.0 million or 22.7% from approximately MOP13.2 million for the six months ended 30 June 2023 to approximately MOP16.2 million for the six months ended 30 June 2024. Such increase was mainly attributable to the increase in staff costs, and setup fees for a joint operation.

### **Finance Costs**

The Group's finance costs decreased by approximately MOP1,163,000 or 39.2% from approximately MOP2,970,000 for the six months ended 30 June 2023 to approximately MOP1,807,000 for the six months ended 30 June 2024. Such decrease was mainly attributable to the decrease in interest expenses on bank borrowings.

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

The Group has income tax credit of approximately MOP17,000 for the six months ended 30 June 2024 compared to income tax expense of approximately MOP632,000 for the six months ended 30 June 2023. The income tax credit was result of the reversal of the deferred tax.

### **Loss and Total Comprehensive Loss for the Period**

The Group's total comprehensive loss was approximately MOP11.3 million for the six months ended 30 June 2024 compared to total comprehensive loss of approximately MOP6.8 million for the six months ended 30 June 2023. It was mainly attributable to the combined effect of the aforementioned items.

## **Basic Loss per Share**

The Company's basic loss per share for the six months ended 30 June 2024 was approximately MOP1.02 cents (six months ended 30 June 2023: approximately MOP0.63 cents).

## **Interim Dividend**

The Board does not recommend the payment of interim dividend for the six months ended 30 June 2024 (six months ended 30 June 2023: Nil).

## **Property, Plant and Equipment**

The Group's property, plant and equipment was approximately MOP87.4 million as at 30 June 2024 compared to approximately MOP86.8 million as at 31 December 2023. Due to business expansion, the Group acquired property, plant and equipment of approximately MOP11.7 million during the six months ended 30 June 2024 (six months ended 2023: approximately MOP22.9 million). The capital expenditures were financed by the proceeds from internal resources and general bank borrowings of the Group.

As at 30 June 2024, the Group has pledged certain property, plant and equipment with carrying values of approximately MOP9.3 million (31 December 2023: approximately MOP9.5 million) to secure its bank borrowings and other banking facilities (including performance guarantees).

## **CORPORATE FINANCE AND RISK MANAGEMENT**

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

The Group adopts a prudent approach in cash management to minimise its 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 2024, the Group had bank balances and cash of approximately MOP28.5 million (31 December 2023: approximately MOP18.9 million).

As at 30 June 2024, the Group had an aggregate of pledged bank deposits of approximately MOP35.7 million (31 December 2023: approximately MOP49.9 million) that are used to secure banking facilities.

As at 30 June 2024, bank borrowings amounted to approximately MOP89.9 million (31 December 2023: approximately MOP73.2 million), including no bank overdrafts (31 December 2023: approximately MOP2.6 million). The bank borrowings amounts containing on demand clause of approximately MOP43.6 million, and nil (31 December 2023: approximately MOP24.1 million, and approximately MOP5.0 million) will mature within one year, and one year to two years respectively. The bank borrowings amounts repayable on demand due to breach of loan covenants were approximately MOP46.3 million (31 December 2023: approximately MOP41.4 million).

Current ratio remained unchanged at 1.3 times at 30 June 2024 (31 December 2023: 1.3 times).

Gearing ratio is calculated based on debts divided by the total equity as at the respective reporting dates. Gearing ratio increased from approximately 41.0% as at 31 December 2023 to approximately 53.8% as at 30 June 2024. It was mainly due to the increase in bank borrowings during the six months ended 30 June 2024.

As at 30 June 2024, the share capital and equity attributable to the owners of the Company amounted to approximately MOP11.3 million and approximately MOP167.2 million, respectively (31 December 2023: approximately MOP11.3 million and approximately MOP178.5 million, respectively).

### **Significant Investments Held, Material Acquisitions and Disposals of Subsidiaries and Associated Companies and Plans for Material Investment or Capital Assets**

On 13 March 2024, the Group entered into a sale and purchase agreement to dispose of the entire registered capital of Jianhuixin Digital Technology (Chongqing) Company Limited (“**JDT**”), an indirectly owned subsidiary of the Group which is a wholly foreign-owned enterprise established in The People’s Republic of China, to an independent third party with a consideration of RMB1,000. JDT has been inactive since incorporation. Following the completion of the disposal on 13 March 2024, the Group no longer holds any of the interest in JDT and JDT ceased to be recognised as a subsidiary of the Group.

Save as disclosed in this announcement, during the six months ended 30 June 2024, the Group did not have any significant investments held, material acquisitions or disposals of subsidiaries and associations. There is no other plan for material investments or capital assets as at 30 June 2024.

### **Capital Commitments**

At as 30 June 2024, the Group had capital commitments for purchases of property, plant and equipment of approximately MOP8.0 million (31 December 2023: approximately MOP5.4 million).

## **Contingent Liabilities**

As at 30 June 2024, performance guarantees of approximately MOP188.4 million (31 December 2023: approximately MOP298.8 million) were given by banks in favour of the Group's customers as security for the due performance and observance of the Group's obligations under the contracts entered into between the Group and its customers. The Group has contingent liabilities to indemnify the banks for any claims from customers under the guarantees due to the failure of the Group's performance. The performance guarantees will be released upon completion of the contract works. At the end of the reporting period, the management of the Group does not consider it is probable that a claim will be made against the Group.

## **Foreign Exchange Exposure**

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 arises.

## **Interest Rate Risk**

The Group's interest rate risk arises primarily from the Group's bank deposits and borrowings. Borrowings issued at variable rates and at fixed rates expose the Group to cash flow interest rate risk and fair value interest rate risk respectively. The Group's cash flow interest rate risk is mainly concentrated on the fluctuation of prevailing market interest rates arising from the Group's pledged bank deposits, bank balances and MOP best lending rate, MIBOR and HIBOR arising from the Group's variable-rate bank borrowings. The Group does not use financial derivatives to hedge against the interest rate risk.

## **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 2024 and 31 December 2023.

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.

As at 30 June 2024, the Group has concentration of credit risks as approximately 26.4% (31 December 2023: approximately 26.9%) and approximately 83.9% (31 December 2023: approximately 86.4%) 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 373 full-time employees as at 30 June 2024 (31 December 2023: 598).

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 its 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) were approximately MOP79.7 million for the six months ended 30 June 2024 (six months ended 30 June 2023: approximately MOP50.1 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.

## **SHARE OPTION SCHEME**

The Company has conditionally adopted a share option scheme (the "**Share Option Scheme**") pursuant to the written resolutions passed on 24 November 2017. The Share Option Scheme enables the Company to grant share options to the eligible persons as incentives or rewards for their contributions to the Group. No share option has been granted, exercised, cancelled or lapsed under the Share Option Scheme since its adoption on 24 November 2017 and up to 30 June 2024.

## **PROSPECTS AND STRATEGIES**

The Group anticipates increased construction activity for the remainder of 2024, creating significant opportunities for growth. With a strong emphasis on obtaining more projects, the Group is poised to strengthen its presence and expand its operations. The Group will leverage its established reputation for delivering high-quality projects to secure new contracts and enhance its market share. This strategic focus is expected to drive revenue growth and solidify the Group's position as a leading construction contractor in the region.

However, the projected growth of inflation continues to pose challenges, potentially impacting construction costs. To mitigate these risks, the Group will maintain stringent cost control measures and closely monitor economic trends to adapt its strategies accordingly. The competitive nature of the construction markets in Macau and Hong Kong may exert pressure on profit margins. Therefore, the Group adopts a cautious outlook on its business and financial performance, ensuring that every project is managed efficiently to maximize profitability.

In addition to reinforcing its market position in Macau, the Group will actively pursue new business opportunities in Hong Kong and the Greater Bay Area. By diversifying its business portfolio and exploring new markets, the Group aims to reduce regional economic risks and achieve sustainable growth. The recovery of Macau's gaming and tourism industries is expected to drive increased construction activity, presenting further opportunities for the Group to expand its footprint in both the private and public sectors. The focus on developing foundation works is anticipated to provide a competitive edge and contribute to the overall growth of the Group.

Cost control remains a top priority for improving financial performance. The Group will continue to implement rigorous financial management practices to ensure stability and resilience amidst economic uncertainties. By prioritizing quality project delivery and upholding its industry reputation, the Group is well-positioned to navigate challenges and leverage emerging trends in the construction industry. Maintaining a positive outlook on future prospects, the Group is committed to delivering value to its stakeholders through strategic business development and operational excellence.

## **INTERIM DIVIDEND**

The Board does not recommend the payment of interim dividend for the six months ended 30 June 2024 (six months ended 30 June 2023: Nil).

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

During the six months ended 30 June 2024, 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

1. On 8 July 2024 (after trading hours), Kin Pang Construction and Engineering Company Limited, an indirect wholly-owned subsidiary of the Company, as the purchaser (the “**Purchaser**”), placed the purchase order with Leffer GMBH Limited, as the vendor (the “**Vendor**”) in relation to acquisition of a unit of hydraulic casing oscillator (Type no. VRM3000T1350) at the consideration of approximately EUR524,810 (equivalent to approximately MOP4,524,000). On 26 July 2024 (after trading hours), the Purchaser and the Vendor mutually agreed to terminate the original purchase order owing to a proposed change in the model of hydraulic casing oscillator to be supplied and purchased based on further negotiation between the Purchaser and the Vendor.

On 26 July 2024 (after trading hours), the Purchaser placed the second purchase order with the Vendor in relation to the acquisition of a unit of hydraulic casing oscillator (Type no. VRM3300T2300) at the second purchase order at the consideration of approximately EUR776,377 (equivalent to approximately MOP6,751,000).

For details of the transaction, please refer to the Company’s announcements dated 8 July 2024 and 26 July 2024.

2. On 8 July 2024 (after trading hours), Kin Pang Construction and Engineering Company Limited, an indirect wholly-owned subsidiary of the Company, as the purchaser, placed the purchase order with the Grandasy International Company Limited, as the vendor in relation to acquisition of a rotating control device accessories at the consideration of approximately HK\$7,159,485 (equivalent to approximately MOP7,374,000). For details of the transaction, please refer to the Company’s announcement dated 8 July 2024.
3. On 22 July 2024 (after trading hours), Kin Pang Construction and Engineering Company Limited, an indirect wholly-owned subsidiary of the Company, as the purchaser, entered into the agreement with the BAUER Equipment Hong Kong Limited, as the vendor in relation to acquisition of a unit of new MC 96 foundation crawler at the consideration of approximately EUR1,620,000 (equivalent to approximately MOP14,087,000). For details of the transaction, please refer to the Company’s announcement dated 22 July 2024 and 7 August 2024.

Save as disclosed in this announcement, the Board is not aware of any significant events requiring disclosure that has taken place subsequent to 30 June 2024 and up to the date of this announcement.

## CONTINUING CONNECTED TRANSACTIONS

On 18 April 2024, Kin Pang Construction and Engineering Company Limited, an indirect wholly-owned subsidiary of the Company, and Construtor Civil Kong Kin I entered into the subcontracting framework agreement dated 18 April 2024 entered into between Kin Pang Construction and Construtor Civil Kong Kin I (the “**Subcontracting Framework**”).

**Agreement**”), pursuant to which Construtor Civil Kong Kin I conditionally agreed to provide subcontracting services for construction and renovation works to the Group in accordance with the terms therein, subject to the approval by the independent shareholders of the Company at the annual general meeting of the Company held on 6 June 2024 (the “**AGM**”). According to the Subcontracting Framework Agreement, the proposed annual caps is MOP10.0 million, MOP11.0 million and MOP12.0 million (equivalent to approximately HK\$9.7 million, HK\$10.7 million and HK\$11.7 million, respectively) for the year ending 31 December 2024, 2025 and 2026, respectively. The Subcontracting Framework Agreement will be effective from the Commencement Date to 31 December 2026 (both days inclusive). The relevant resolution was duly passed as ordinary resolution of the Company at the AGM.

For details of the transaction, please refer to the Company’s announcements dated 18 April 2024, circular dated 9 May 2024, and poll results announcement dated 6 June 2024.

## **CORPORATE GOVERNANCE PRACTICE**

During the six months ended 30 June 2024 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 C1 to the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”). The Board is of the view that for the six months ended 30 June 2024, the Company has complied with the code provisions set out in the section head “Part 1 – Mandatory disclosure requirements” and the applicable code provisions set out in the section headed “Part 2 – Principles of good corporate governance, code provisions and recommended best practices” of the CG Code except the deviation from provision code 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 C3 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 six months ended 30 June 2024 and up to the date of this announcement.

## **AUDIT COMMITTEE**

The audit committee of the Company (the “**Audit Committee**”) was established 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 practices adopted by the Group and 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 2024.

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

This interim results announcement is published on the Stock Exchange’s website at [www.hkexnews.hk](http://www.hkexnews.hk) and the Company’s website at [www.kinpang.com.mo](http://www.kinpang.com.mo). The interim report will be despatched to shareholders of the Company 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 and Chief Executive Officer*

Hong Kong, 28 August 2024

*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.*